

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

In re: :  
CENGAGE LEARNING, INC., et al., : Docket 16-cv-07123  
Plaintiffs, :  
- against - :  
BOOK DOG BOOKS, LLC, et al., : New York, New York  
Defendants. : August 3, 2017

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PROCEEDINGS BEFORE  
THE HONORABLE GABRIEL W. GORENSTEIN,  
UNITED STATES DISTRICT COURT MAGISTRATE JUDGE

APPEARANCES:

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Proceedings recorded by electronic sound recording;  
Transcript produced by transcription service

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None

E X H I B I T S

<u>Exhibit Number</u>	<u>Description</u>	<u>ID</u>	<u>In</u>	<u>Voir Dire</u>
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THE CLERK: The case of Cengage Learning v. Book Dog Books, docket 16cv7123. Counsels, please state your name for the record.

MR. MATTHEW J. OPPENHEIM: Good afternoon, Your Honor, Matt Oppenheim, on behalf of the publisher-plaintiffs.

MR. EVAN MANDEL: Evan Mandel on behalf of the defendants, Your Honor.

THE COURT: Okay, you can be seated if you're not speaking. We were originally here on docket 76, to which there was a response 81. Was it everyone's view we should do the other ones too?

MR. OPPENHEIM: I believe there are four issues that are ripe for the court's consideration today. One is I believe the one you referred to which is the defendant's letter motion on search terms.

THE COURT: Right.

MR. OPPENHEIM: Then I also believe that is ripe the plaintiff's request for, second request really on the financial documents and source information.

THE COURT: That's docket 80.

MR. OPPENHEIM: And the third issue is the protective order issue with respect to Mr. Dimm --

THE COURT: That's 79. So the answer is yes,

1  
2 you want to do them all today.

3 MR. OPPENHEIM: Yes, Your Honor, and also I  
4 think the fourth issue is the scheduling issue that you  
5 sent us out to work on last week.

6 THE COURT: Okay. Well, remind me if I miss  
7 anything. Okay, well, you know, it's just mindboggling  
8 we're in discovery this late in the case. But some things  
9 happened last time, Mr. Mandel, that I would think may have  
10 affected your request, so I hope as we go through them  
11 you'll remind me. If not, I'm sure Mr. Oppenheim will.

12 MR. MANDEL: Of course, Your Honor.

13 THE COURT: Okay. Search related to defendants.  
14 What's more to be done?

15 MR. MANDEL: There's two issues here, Your  
16 Honor. Really, both issues relate to which individuals are  
17 going to be searched. There's no dispute whatsoever  
18 concerning key terms. We would like all of plaintiffs'  
19 anti-counterfeiting personnel's files to be searched, and  
20 we'd also like sales personnel's files to be searched.

21 With respect to anti-counterfeiting personnel,  
22 where we stand in the case is they have not told us who all  
23 their anti-counterfeiting personnel are. In light of that,  
24 there can be no meaningful discussion, there's been no  
25 meaningful discussion about who should be searched. But I

1  
2 don't think that discussion would actually be productive  
3 because the reality is if their anti-counterfeiting  
4 personnel are emailing about the defendants, that's  
5 relevant to this case one way or the other. Those emails  
6 either say the defendants are the problem with respect to  
7 counterfeiting, the books are coming from them, they're not  
8 checking the books, they're not doing a good job, or  
9 they're saying that the defendants are the solution.  
10 They're saying actually look at this, we just found a trove  
11 of counterfeit books because the defendants specifically  
12 identified them. So with respect to all of plaintiffs'  
13 anti-counterfeiting personnel, we would like their records  
14 searched.

15           With respect to sales personnel, I understand  
16 they've got a lot of sales personnel. You know, they  
17 haven't told us who they are, they haven't given us any  
18 organizational charts. But for purposes of this request,  
19 we can agree to limit it to the personnel who are in the  
20 groups that deal with the defendants. And we have no idea  
21 how the sales personnel are divided up. If they're divided  
22 up by region, then the region in which the defendants fall  
23 would be appropriate. If there's a group of sales  
24 personnel that deal with major distributors in the United  
25 States and we would fall under that category, then we'd

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want that group's email searched.

But we're willing to live without every single salesperson being searched, just the group or groups that handle the buckets in which the defendants fit.

MR. OPPENHEIM: The arguments change as we get to court, but in any event, as we've informed Mr. Mandel repeatedly, none of the three plaintiff publishers have anti-piracy departments or groups. They have individuals from different departments who work on anti-piracy matters. All of their files have been searched with the exception of clerk-type personnel that report to the anti-piracy personnel.

So all of those searches have been done, and the issue here is he keeps asking, well, who's the anti-piracy group and who's the anti-piracy department, and there is no such thing. But we have identified them for him and he knows who they are. That's number one.

With respect to the sales groups, as the Court is probably likely aware, there are hundreds, if not thousands, of salespeople at each of these companies, and the idea that Mr. Mandel has put forward repeatedly to us has been that we should search all of them. Today, he proffers for the first time, well, maybe we'll limit it to those who are involved with the defendant. This is not

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what his request was. This is the first time this comes up. And I'm not sure how you would do that.

All of this is because he has some theory that maybe a salesperson within the companies has a different view of the defendants on the counterfeiting issues than the anti-counterfeiting people. But he has no basis to believe that such a thing exists, and, in fact, I highly doubt it does because the sales personnel don't have any involvement in anti-counterfeiting issues. It would be - it is not relevant, it is burdensome, and it is disproportionate, Your Honor.

THE COURT: Anything else, Mr. Mandel?

MR. MANDEL: We would just ask that the clerks be searched. A lot of the work is done by clerks. This is relatively low-level work. It's tracking down books one at a time figuring out if they're counterfeit and then going to figure out what the source is, and that is not something the higher level people do. So I have no idea what the plaintiffs mean when they say clerks, but it sounds like paralegals and a lot of the - we've received less than 50 emails in the case, and a lot of those are from paralegals. So we would ask that the clerks be searched.

And the second point with respect to sales personnel, the defendants and their affiliates sell two

1  
2 million books a year in the United States. There's  
3 certainly a group at the plaintiffs that cover either the  
4 defendants or companies like the defendants, and I think  
5 we're entitled to know what those people are saying about  
6 the defendants.

7 THE COURT: All right, I find the search is  
8 adequate based on the representations made by defendants.  
9 What's next?

10 MR. OPPENHEIM: Your Honor, are you ruling that  
11 we should be searching --

12 THE COURT: I'm sorry, by plaintiffs. I  
13 apologize.

14 MR. MANDEL: Okay, so the second issue is the  
15 source and the legitimacy of the titles at issue in this  
16 case. It's search B. Here, plaintiffs seek emails about  
17 how difficult or easy it is to discern authentic copies  
18 from counterfeit copies of the titles at issue in this  
19 case. It obviously goes directly to willfulness. It also  
20 goes directly to the issue of whether the books at issue in  
21 this case are counterfeit. Plaintiffs have proffered their  
22 own in-house employees are experts on the issue of whether  
23 the books are counterfeit or not --

24 THE COURT: Well, stop, stop, stop. When you  
25 say they've proffered them as experts, what do you mean by



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that?

MR. MANDEL: They've given us expert reports.  
The only expert reports they've given us --

THE COURT: Okay, so they have expert reports,  
and you're going to have an opportunity to depose those  
experts --

MR. MANDEL: Sure.

THE COURT: -- as to what they think are  
appropriate - they're experts on what specific topic?  
Whether the books at issue are counterfeit or not?

MR. MANDEL: Exactly.

THE COURT: Okay. So there's a very clear  
method in the rules by which one probes experts. You find  
out what they relied on, you depose them, and so forth.  
What are we adding to this?

MR. MANDEL: Sure. If these experts are sending  
emails, let's say they have no idea whether a copy --

THE COURT: You're looking for impeachment of  
the experts.

MR. MANDEL: Well, yes, we're looking -  
absolutely, we're looking for impeachment of the experts.  
We're also looking for emails from other - this group is  
anti-counterfeiting personnel. It's not just the experts  
in the case. So if the expert is saying - just sort of

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1 moving along. I think the only dispute here, there's no  
2 relevance dispute; I think the issue is privilege. They're  
3 saying documents concerning whether a book is or is not  
4 counterfeit is privileged, and just to be clear, we're only  
5 seeking correspondence about the titles at issue in this  
6 case. We're not seeking correspondence about other titles.  
7 So if there are emails about the titles at issue in this  
8 case that say we have no idea whether this book is or is  
9 not counterfeit, I think that's very probative to this  
10 case.  
11

12 But in any event, their argument is privilege --  
13 THE COURT: Okay, well, that I understand.  
14 That's not a matter of expertise, but go ahead. There are  
15 emails saying that the books are or are not counterfeit.  
16 Go ahead.

17 MR. MANDEL: Sure. So the reality is the  
18 plaintiffs spend a lot of time inspecting books to see if  
19 they're counterfeit. That's completely separate and apart  
20 from litigation. For a lot of distributors plaintiffs are  
21 willing to have the distribute send them a book, the  
22 plaintiffs will inspect it, and the plaintiffs will let  
23 that distributor know whether the book is or is not  
24 counterfeit.

25 Similarly, plaintiffs conduct a lot of friendly

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2 inspections that have nothing to do with the litigation  
3 whatsoever. Often they're at the distributors' facilities,  
4 and at those inspections those --

5 THE COURT: So you want to find out if they  
6 found other exemplars of the books at issue in this case in  
7 the hands of other people that were counterfeit, is that --

8 MR. MANDEL: No, Your Honor - well, that's not  
9 really the focus here. That was the focus of a separate  
10 request that the Court has addressed. The point here is  
11 they've come in with their side of the story which is we  
12 can always tell when a book is or is not counterfeit. And  
13 we know, we're absolutely certain that the exemplars we've  
14 got in this case are counterfeit. If they're sending  
15 emails just about the titles in this case that say we have  
16 no idea whether other copies of the titles are issue in  
17 this case are counterfeit --

18 THE COURT: Other copies.

19 MR. MANDEL: Other copies of the titles at issue  
20 in this case. Just the titles at issue in this case.

21 THE COURT: Okay.

22 MR. MANDEL: So their objection is a privilege  
23 objection, and I don't think the overwhelming majority of  
24 these emails are going to fit within any privilege. When  
25 they're just agreeing to perform a service for

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1 distributors, you send us a book, we'll inspect the book,  
2 determine if it's counterfeit or not, that is not - there's  
3 nothing privileged about that determination. And if  
4 there's communications about that determination, that's  
5 directly relevant to the case.  
6

7 THE COURT: Is this a privilege issue for you?

8 MR. OPPENHEIM: No, Mr. Mandel could not have  
9 misstated our position any more.

10 THE COURT: Well, feel free to state your own  
11 positions.

12 MR. OPPENHEIM: Thank you, Your Honor. And I  
13 also, his factual recitation of what the plaintiffs do is  
14 also inaccurate again.

15 These search requests have to be tied to a  
16 request for a production, and this Court has already ruled  
17 on the two issues related to this search request. This  
18 Court was previously asked whether or not the defendants  
19 could get discovery into the plaintiffs' other anti-  
20 counterfeiting investigations and other audits. And this  
21 Court ruled no in the first instance, and on the second  
22 one, if we had a completed audit, we would produce the  
23 results of the completed audit. But that was the extent of  
24 it, and Your Honor specifically indicated that -

25 THE COURT: This was in May, right?

1 13

2 MR. OPPENHEIM: I believe part of it was in  
3 February and part was in May, Your Honor, yes. If you -  
4 and I hate to do this, but if you turn to the actual search  
5 request that Mr. Mandel is seeking here which is on exhibit  
6 B of his file, which is document 76 I believe.

7 (pause in proceeding)

8 MR. OPPENHEIM: And if you look at - I'm sorry.

9 THE COURT: You have to hold - for whatever  
10 reason I don't seem to get courtesy copies from some people  
11 sometimes.

12 MR. OPPENHEIM: My apologies, Your Honor, I  
13 didn't bring an extra copy of this.

14 THE COURT: That's all right. Oh, exhibit D is  
15 the search terms.

16 MR. OPPENHEIM: Yes, Your Honor.

17 THE COURT: Yeah, I printed that out, hold on.

18 MR. OPPENHEIM: I can hand you my copy just to  
19 reference it if that's helpful.

20 THE COURT: No, no, I have it. Hold on a  
21 second. I thought you were going to point me to a document  
22 request.

23 MR. OPPENHEIM: No, Your Honor.

24 THE COURT: Okay, go ahead.

25 MR. OPPENHEIM: So if you look at what the

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defendants are seeking out of search here, in the search terms, they are, they've essentially captured for each of the titles in the case a key word for the title, the ISBN which is the SKU for the book, and the author. And they want the plaintiffs to search every piracy person's files for any document related to any of these books.

Well, as we've discussed at prior hearings, there are other counterfeits of these books involved in other cases. In fact, some of them are cases before Judge Pauley potentially, or other judges in this court. And this Court's already ruled that all of those investigations are not part of this case. They're not relevant. It's disproportionate. And Mr. Mandel's seeking to obtain what this Court has already excluded from the discovery process. He hasn't connected it to a different document request. We've asked him repeatedly what request for production is this associated with, and he will not answer us.

THE COURT: Did I not rule on this?

MR. MANDEL: Your Honor, no, you ruled on a totally different request. I believe it's page - I have to double-check my notes. But the request that Your Honor ruled on was for inspection results of the plaintiffs, you know, we were looking at - there's a long discussion about CHEGG and we gave up a spreadsheet --

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THE COURT: Long discussion of?

MR. MANDEL: Plaintiffs' results of large inspections. So when they inspect large numbers of inspections, that was something we considered. Your Honor said have them produce some subset of them, and then you can come back to me if you want more. The parties are still discussing whether they produced the inspection results. This is a totally different - we're seeking emails for a totally different purpose.

The purpose we're seeking emails here are to see if the plaintiffs, like they claim, really can tell the difference between a counterfeit book and authentic book. It is fine for their experts to walk into court and say that I am certain that the copies at issues in this case are counterfeit, but if they're sending emails about other copies of that same title that say I have no idea whether this is counterfeit or not, we're entitled to that document and there is no other way that we can --

THE COURT: But why since we don't - it's not the - the assumption seems to be there's one counterfeiter out there. If it's not the counterfeit in this case, I mean who knows if it's of the slightest relevance at all.

MR. MANDEL: Well, I think that is a trial question. I don't think that's a relevancy question.

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2 They're saying they can tell the difference between --

3 THE COURT: Well, it's a proportionality and  
4 burden question. So if there was only one counterfeiter in  
5 the universe, I might understand this, but there's not. So  
6 if they find a counterfeit copy of this book in some other  
7 country with some other distributor, what's that got to do  
8 with anything? And let's say they say, oh, you know, boy,  
9 this one was hard to tell, I mean you're not going to get  
10 the book; you're going to have some emails. It's not going  
11 to do you any good.

12 MR. MANDEL: Well, we might be able to get the  
13 book because they've assured, you know, their position is  
14 that all this kind of information needs to be preserved.

15 Look, I agree, if there were a way to limit this  
16 request to just those books that look like the books at  
17 issue in our case, we'd be happy to have that limitation on  
18 it. But the reality is --

19 THE COURT: Well, the thing to do is to limit it  
20 to the books in your case which would be to have this in  
21 combination with your name, but I think we're probably  
22 getting that through some other search.

23 MR. MANDEL: Well, they would say all of those  
24 are privileged, Your Honor, I think. What we're really  
25 looking for --



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THE COURT: I'm not dealing with any privilege issues. As documents turn up that are responsive to your request that I said they have to produce and it's privileged, they've got to do a log.

MR. MANDEL: I appreciate that, Your Honor. So we don't think this is overboard. We don't think there's going to be a million emails that discuss whether books, you know, the 25 or so titles at issue in this case are or are not counterfeit. They've just told us that they only have a handful of anti-counterfeiting personnel, so we're not asking for a large number of emails to be searched. We're not asking for a large number of titles to be searched. And we really have no other way of impeaching their experts other than saying, you know, actually it's not the case that you can always tell the difference between what is and is not counterfeit.

THE COURT: All right, putting aside the issue of the stronger showing in my view that must be made for a generic search for impeachment evidence, this is not of sufficient relevance that it justifies any effort on the defendant's part, and the request is denied. What's next?

MR. MANDEL: Understood. C, I think the parties have reached an --

MR. OPPENHEIM: I'm sorry, you meant on the

1 18

2 plaintiff's part.

3 THE COURT: I keep doing - you know what,  
4 because you guys are reverse from the way everyone else  
5 sits. I usually have plaintiffs on this side and  
6 defendants on this side. So I apologize. If I do that  
7 again, tell me.

8 MR. MANDEL: Would you like us to sit in a  
9 different way?

10 THE COURT: No, no, it's my job to try to learn.

11 MR. MANDEL: I always thought the plaintiff was  
12 supposed to sit closest to the jury, so perhaps that's my  
13 fault, Your Honor.

14 MR. OPPENHEIM: I apologize, I did too.

15 THE COURT: Well, no, I --

16 MR. OPPENHEIM: Mr. Mandel and I agree on  
17 something.

18 THE COURT: I don't know what it is, maybe other  
19 people are doing things differently.

20 MR. OPPENHEIM: And Judge Pauley always makes me  
21 sit on the left as the plaintiff.

22 THE COURT: Where you are now.

23 MR. OPPENHEIM: Where I am now.

24 THE COURT: I think it depends on where the  
25 clerk puts you.

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MR. OPPENHEIM: That may be.

MR. MANDEL: There's no dispute at this time with respect to search C which is searches related to printing defects. The Court addressed that in part at last week's session, and I think we've been able to resolve that. If not, we will come back to the Court.

That brings us to search D, searches related to plaintiffs' receipt and processing of suspect copies of the titles at issue in this case. There's no dispute with respect to search terms, and the custodians are limited to those groups involved in receiving books.

There's two instances of relevance here. The first is the sale doctrine --

THE COURT: Hold on, hold on. What's in dispute? I'm sorry. You told me what wasn't in dispute. You said there was a dispute as to custodians? What're you telling about this?

MR. MANDEL: Sure. Well, let me rephrase that. They have not proposed alternative search terms. They don't want to run the search at all. But there's no specific dispute as to whether these terms are appropriate or inappropriate. And similarly with respect to the custodians, they don't want to run the search at all, but there's no - it's not like they've counter-proposed a

1 20  
2 separate set of custodians. I think it's pretty binary.

3 THE COURT: I felt they were objecting to the  
4 relevance of this. Should we talk about this relevance  
5 first?

6 MR. MANDEL: Sure. I think there's two issues  
7 with respect to relevance. The first is the first sale  
8 doctrine defense. As the Court is aware, plaintiffs  
9 receive a massive number of books that they sell back in  
10 return. It could be something like, we don't know, it's  
11 proprietary, but it could easily be something like 20  
12 percent of the books they sell they get back, those copies  
13 that they sell. They inspect them or they don't inspect  
14 them. And then they sell them a second time.

15 Now, because in the industry in the United States  
16 books are commingled, when the plaintiffs sell their, say  
17 they sell 100,000 books to Acme, Acme puts those 100,000  
18 books on a shelf. Some of the books came from plaintiffs,  
19 some of the books came from other sources. At the end of  
20 the semester or after the beginning of the semester,  
21 whenever returns happen, Acme returns 20,000 books to the  
22 plaintiffs, the books that Acme is returning are not  
23 necessarily the books, the same books that plaintiffs sold  
24 to them.

25 We covered this issue earlier in the case. They

1  
2 were required to produce inspection procedures.

3 THE COURT: Right, right, I remember this, okay.

4 MR. MANDEL: Yes, it goes to two issues. The  
5 first is the --

6 THE COURT: No, what is it that - I assume  
7 they're agreeing to produce the procedure. So what is it  
8 they haven't produced? What's the issue?

9 MR. MANDEL: Well, they produced virtually  
10 nothing. They produced maybe one --

11 THE COURT: Maybe they don't have any written  
12 procedures.

13 MR. MANDEL: Well, and if that's their story in  
14 depositions, that's fine, of course. But we're entitled to  
15 see, if there's no procedures, that they're all going to  
16 testify we followed these procedures, we're entitled to see  
17 what their actual inspection practices are. And the  
18 relevance is twofold. First, it goes to the first sale  
19 document defense. It very well may be the counterfeit  
20 books they're claiming we sold, that we actually directly  
21 or indirectly, more likely indirectly, received from them.  
22 So, in other words, plaintiff Cengage sells 100,000 books  
23 of Campbell on Biology to Acme. It receives 20,000 of  
24 those books back. Two thousand of those 20,000 books it  
25 received are counterfeit. Cengage then resells those 2,000

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2 copies to, say, the Apple Company, Apple Book Distribution,  
3 and the defendants in turn purchase them from Apple Book  
4 Distribution.

5           If the books that are at issue in this case were  
6 actually sold by plaintiffs, there's the first sale  
7 doctrine defense. And they have admitted in this case that  
8 they have received counterfeit books back from returns.  
9 They --

10           THE COURT: So the theory - I'm just trying to  
11 understand what - the theory is not related to this  
12 particular book but some generic concept that they don't,  
13 they're not perfect in their inspection of the books. They  
14 resell a set of books they weren't perfect about.  
15 Therefore, there could be counterfeits; therefore, it  
16 could've gone to us.

17           MR. MANDEL: More or less.

18           THE COURT: That's the theory, right. Okay.

19           MR. MANDEL: That's the first sale doctrine  
20 defense. That's the first instance of relevance.

21           The second instance of relevance is simply it  
22 goes to willfulness. If our inspection procedures are far  
23 better than the plaintiffs' inspection procedures and  
24 practices, we should be entitled to argue to the jury, you  
25 know what, we know we do a good job and we know they think

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we do a good job because we actually do a much better job than they do.

THE COURT: But I think I already said that they need to tell you what their practice are about inspections. So that's not in dispute I assume.

MR. MANDEL: Your Honor is exactly right. The problem is they produced virtually no documents.

THE COURT: Well, so maybe they don't - they have nothing written down, and you can make all the hay out of that you want. Maybe you can make a lot.

MR. MANDEL: Well, I think we will be able to make a lot of hay out of that, but I think we're entitled to their emails. I don't think we should be forced to take their word for it. They're going to come into depositions and they're going to say we do A and B and C when we inspect, and if their emails show, no, they don't do A and B and C, we're entitled to those emails. In other words, if their inspection practice is irrelevant, then we're entitled to an email search to see what their inspection practices are, particularly when they produce virtually no inspection procedures. So that's why we think we're entitled to these documents.

THE COURT: Okay, and this is now tied to a particular search of particular custodians and particular

1  
2 terms?

3 MR. MANDEL: Yes, it's search D in the exhibit  
4 to our - and as I point out, they haven't made any specific  
5 - they haven't said we want to do a different search.  
6 Their point is we don't want to do any search at all under  
7 any circumstances.

8 MR. OPPENHEIM: May I, Your Honor?

9 THE COURT: Yeah.

10 MR. OPPENHEIM: Factually, there's so much Mr.  
11 Mandel put out there that's incorrect it's hard to even  
12 begin. I'll just - for the benefit of the Court, I hope  
13 the Court won't necessarily assume it's all true since of  
14 it's been put forward in any kind of declaration or  
15 affidavit. And to the extent that he has some confidential  
16 source, as he indicates in his papers that he does, that  
17 gives some baseline for what he's saying, I sure hope that  
18 he would disclose his Rule 26 disclosures to us and tell us  
19 what that is.

20 Now, having said that, if you feel like this is  
21 déjà vu all over again, Your Honor, you're right, because  
22 we had this exact same discussion, and on May 11, Your  
23 Honor, you specifically had a back and forth with Mr.  
24 Mandel where he agreed to limit his request to the policies  
25 and procedures and forewent email searches. So we've had



1  
2 this discussion, it's been litigated before you, you came  
3 to a conclusion, we agreed to produce the documents. We've  
4 searched for them. We are continuing to look for them. I  
5 actually was just informed that one was recently created  
6 that will be produced.

7 But, Your Honor, if he wants to relitigate the  
8 issue, he should not do it in this manner. He should come  
9 forward with the request for production that he asked and  
10 Your Honor's ruling on it and say a motion for  
11 reconsideration and do it that way, not - this is a wolf in  
12 sheep's clothing, Your Honor.

13 THE COURT: So is this number 12? Is this the  
14 email search for purposes of document request number 12  
15 which is the number that's referred to in the transcript  
16 from May?

17 MR. MANDEL: Just looking, Your Honor.

18 (pause in proceeding)

19 MR. MANDEL: It's certainly within 12. I don't  
20 know whether it's also within others.

21 THE COURT: So why are we doing this again?

22 MR. MANDEL: Well, what happened before was we  
23 thought they would have comprehensive procedures, and we  
24 would see the comprehensive procedures, and we would be  
25 able to examine them on those procedures.

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THE COURT: This is better than that. They have no comprehensive procedures.

MR. MANDEL: I agree, although it now sounds like they creating one for purposes of this case.

THE COURT: Well, then I'm sure you can make hay out of that too.

MR. MANDEL: Yeah, I think that's right. But, Judge, they have produced less than 50 emails in this case. They have claimed that they're going to receive tens of millions of dollars in damages at trial. And I've never heard of a case in which you can claim you're going to recover tens of millions of dollars and produce less than 50 emails. There's no dispute whatsoever that these documents are relevant. They're just saying they don't want to perform the search because of either proportionality or burdensomeness, and respectfully, it cannot be the case that the defendants are forced to go to trial with less than 50 of plaintiffs' emails.

MR. OPPENHEIM: Your Honor, may I on three points?

THE COURT: Go ahead.

MR. OPPENHEIM: One, he keeps referring to what we've, our settlement discussions. Let's leave that out of the discovery proceedings. Those are settlement

1  
2 discussions. Two, the 50 emails that we've produced, he  
3 makes no mention of the many, many other documents that  
4 we've produced outside of emails.

5           Three, there's a huge relevance issue here. This  
6 notion of a first sale doctrine on these books just doesn't  
7 connect. Let's think about it, Your Honor. Let's say that  
8 a customer returns books and fraudulently includes  
9 counterfeit books that they send back to the publisher.  
10 And let's say the publisher doesn't catch those books and  
11 they get reshelfed. And let's --

12           THE COURT: I'm sorry, why are we talking first  
13 sale?

14           MR. OPPENHEIM: Well, that's what he was  
15 referring to. That was the entire basis --

16           THE COURT: All right, okay.

17           MR. OPPENHEIM: -- for his argument. So he --

18           THE COURT: Listen, let's don't worry about  
19 this.

20           MR. OPPENHEIM: Sorry.

21           THE COURT: I can't do these things twice. I  
22 limited this to the policies and procedures. To me there  
23 couldn't be anything better from plaintiff than if there  
24 aren't such policies and procedures, and he can make tons  
25 of - I don't know why we're revisiting this just because

1 the production didn't turn out the way it was expected.

2 MR. MANDEL: To be clear, Your Honor, Your Honor  
3 did not in any way rule that this was limited to policies  
4 and procedures. At that time, we were only seeking  
5 policies and procedures. When we didn't receive any or we  
6 received virtually none, we decided we need to do an email  
7 search.  
8

9 THE COURT: You said you'd be happy - I was in  
10 the middle of another marathon multi-hour session with you  
11 folks. We go through each of the requests. You start off  
12 by saying I'm going to limit number 12 to the following,  
13 and then that's it. Okay? We can't keep doing this twice.  
14 Next issue.

15 MR. MANDEL: Okay, that brings us to search E  
16 which is the standards for discerning counterfeit books.  
17 You know, their in-house experts, as we were talking about  
18 a little earlier, have testified that they can discern the  
19 difference between a counterfeit and authentic book by  
20 doing X and Y and Z --

21 THE COURT: Hold on a second.

22 (pause in proceeding)

23 THE COURT: Go ahead.

24 MR. MANDEL: They've produced, the plaintiffs  
25 have produced virtually no documents on that subject. As a

1  
2 result, we want to look at their emails to see whether  
3 their anti-counterfeiting personnel are saying that they  
4 used this method that they testified that they used or they  
5 use a completely different method for determining whether  
6 the books are counterfeit. Similarly --

7 THE COURT: Isn't this the same thing what we  
8 just did?

9 MR. MANDEL: No, this is much more narrow  
10 search. The search before that we were discussing was  
11 looking at the titles at issue in this case. The search  
12 here is looking at the methods and practices that the anti-  
13 counterfeiting personnel used to discern the difference --

14 THE COURT: Isn't this the same answer as  
15 before? This is number 12 again, isn't it?

16 MR. MANDEL: No, number 12 is people who inspect  
17 incoming books. In other words, the returns issue. This  
18 is the anti-counterfeiting personnel. They're similar -  
19 it's a similar issue, and I understand where the Court is  
20 coming from, but this is a totally different search, and  
21 this search is limited to anti-counterfeiting personnel to  
22 determine what their methods and practices are for  
23 examining whether a book is or is not counterfeit.

24 THE COURT: Which I assume I've required them to  
25 produce, if there were procedures and standards and so

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forth. And they produced nothing, and you want to see if there's emails that talk about it.

MR. MANDEL: Yeah, we want to see if there's emails that say here's how you tell the difference between a counterfeit and an authentic book. Because if those emails are, you know, we're entitled to those emails.

MR. OPPENHEIM: Your Honor --

THE COURT: Hold on.

MR. OPPENHEIM: I'm sorry.

(pause in proceeding)

THE COURT: All right, go ahead.

MR. OPPENHEIM: You asked the question isn't this related to document request 12, and the answer is yes. If you look at defendants' own submission to you, document number 76, they quote from the transcript, yes, number 12 seeks their documents. Now, we've asked them is there another basis for this request that the Court, right, we've had this back and forth with them. We, by the way, Your Honor, prior to this letter being filed, agreed to search many terms and many custodians. What you're getting now are the things that we said this is out of bounds. We asked that it's connected to search requests, or to requests for production that the Court hadn't ruled on or hadn't ruled against. They didn't do it. You've ruled on

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this, Your Honor.

And this search, by the way, if you look at the terms included, is so incredibly broad and burdensome --

THE COURT: Did you say he did the search already for some people?

MR. MANDEL: No, Your Honor, they've not done any searches at all --

THE COURT: I'm sorry, I misunderstood. I just --

MR. MANDEL: -- except for a search of the defendants' names. That is the only search they have run, and they produced less than 50 emails.

THE COURT: Okay.

MR. OPPENHEIM: Your Honor, so the search terms that they've requested would pull up a mass of documents having absolutely to do with what Mr. Mandel is looking for. Just look, they want us to search the term test. Pierson is the largest testing company in the world --

THE COURT: Let's - talking about a search term whether we haven't done the big picture yet.

MR. OPPENHEIM: I'm sorry.

THE COURT: So let's not worry about search terms yet. Let's talk about - I don't know why I'm unable to distinguish it, but it seems to me that, and you quote

1 32  
2 the very thing, Mr. Mandel, from the May transcript, it  
3 seems to me that this is exactly what I was speaking about  
4 earlier. You asked for procedures. They produced some  
5 very limited thing. And now you want emails on it. I  
6 think the fact that it's very limited is only helpful to  
7 you, and that was how the ruling was in May. Why do we  
8 redo this?

9 MR. MANDEL: We're not redoing this, Your Honor.  
10 Your Honor ordered them to produce these documents, and  
11 then they ran zero searches to find the documents.

12 THE COURT: You think there are policies,  
13 procedures manual, standard operating procedures that exist  
14 that they weren't able to find.

15 MR. MANDEL: I think there are emails that talk  
16 about their practices and methods and procedures for  
17 discerning a counterfeit book from an authentic book, and  
18 they've not made any effort --

19 THE COURT: Well, you haven't deposed any of  
20 these people yet.

21 MR. MANDEL: Correct.

22 THE COURT: Are you going to?

23 MR. MANDEL: Yes.

24 THE COURT: When they are asked, if you know,  
25 Mr. Oppenheim, do you have any standards, procedures,



1  
2 processes in writing for doing this, what're they going to  
3 say?

4 MR. OPPENHEIM: Your Honor, we've produced the  
5 policies, procedures, the manuals that he's asked for.  
6 We've gone about trying to identify --

7 THE COURT: They're not going to point to  
8 anything other than those things?

9 MR. OPPENHEIM: No, Your Honor, they're not --

10 THE COURT: I mean that's - yeah, go ahead.

11 MR. OPPENHEIM: But, Your Honor, of course there  
12 are internal experts at the companies who have processes  
13 they go through from 30 years of experience in looking at a  
14 book, and they'll testify what they do based on 30 years of  
15 experience, I'm sure. So do they have a process that they  
16 go through because they've got 30 years? Yes, the same way  
17 Your Honor takes the bench and deals with a court hearing  
18 like this based on many years of experience.

19 THE COURT: I mean maybe it's a proportionality  
20 thing, but I guess, Mr. Oppenheim, I mean if there's some  
21 email, if there's some - I mean we're down to the same  
22 thing, if there's something that's been sort of set into a  
23 form that's meant for repeated use, I mean that's the whole  
24 point. You know, if someone has some one-off system they  
25 never disclosed to anyone or mentioned in some email, it

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2 doesn't seem to be terribly relevant here. I think what's  
3 relevant is what can be formulated, and one needs to do a  
4 reasonable search for where those things have been  
5 formulated. And it's your contention that you can conduct  
6 a reasonable search by saying where those formulations are  
7 kept, is that the idea?

8 MR. OPPENHEIM: Yes, Your Honor.

9 THE COURT: And where are they, give me a copy.

10 MR. OPPENHEIM: In a very old-fashioned way, you  
11 interview your witnesses, you talk to people within your  
12 clients, you find out what they use, what they rely on, you  
13 obtain the documents, and you produce them. We've done  
14 that, and we're doing that.

15 THE COURT: And there are actually documents?

16 MR. OPPENHEIM: Yes.

17 THE COURT: And so your theory on the emails is  
18 there must be some other things that are going on other  
19 than what they gave you?

20 MR. MANDEL: My point, Your Honor, is that  
21 they're communicating with each other about counterfeits,  
22 and we're entitled to know what those emails say about how  
23 you distinguish an authentic book from a counterfeit book.  
24 I really - stepping back to the sort of what I believe is a  
25 very serious injustice here, the idea that we would be

1  
2 forced to go to trial on this case, which they say is very,  
3 very serious allegations where it's potentially \$150,000  
4 they're arguing - we don't believe that that's possible -  
5 but they're saying it's \$150,000 per work, and there's over  
6 20 works at issue in this case. There's 140 works at issue  
7 in the other case. That we've literally received less than  
8 50 emails. And with respect to each of these issues, what  
9 the Court is saying is we have to accept their party line,  
10 and they do it, they --

11 THE COURT: You're confusing things. Let's do  
12 them one at a time. I mean when someone is being accused  
13 of a tort, it's actually quite common that the plaintiff  
14 doesn't really have evidence of what's going on. That's  
15 actually not that strange. I don't think we can just say,  
16 oh, there's millions at stake in this case; therefore, they  
17 must have emails that are relevant to explaining why I  
18 committed no tort. So I know you said it a few times, and  
19 I don't want it to be left hanging out in the record. I  
20 completely reject the notion that there's some assumption  
21 that because a large amount of money is at stake, that a  
22 plaintiff alleging a tort necessarily has documents that  
23 are relevant to that. So let me put that to bed.

24 You were starting to go onto another larger  
25 point, but go ahead.

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MR. MANDEL: May I just address that point, Your Honor, for a moment?

THE COURT: Go ahead.

MR. MANDEL: I agree that this is - that if there were a slip and fall case or a civil rights case, that very well may be the case. There's lots of tort cases where the plaintiff wouldn't be expected to have documents. However, here, the plaintiffs are proffering that they're the ones who can tell the difference between the counterfeit and an authentic book; yet they're not willing to tell us anything about how --

THE COURT: That's not the theory of the case. The theory of the case is that only the plaintiffs could do it; the theory of the case is that anybody should be able to do it and that you're going to have to prove why anybody should've been able to do it. Now, you want to use them as an example, and I understand why you want to do that, but, in fact, this is an objective test, and whether it's possible to do that certainly could be looked at by whether these plaintiffs did it or, frankly, any publisher did it. You could be subpoenaing other publishers to find out their counterfeiting methods. Now, I might not be a - counterfeit detection methods.

I might not be that happy to burden another

1  
2 person in the way I would the plaintiffs, but it's not a  
3 necessary element of their case or your defense to show  
4 what it is they did. If they were not in the business of  
5 buying books at all, you would have zero. You buying back  
6 or taking back books at all, there would be zero evidence  
7 on their part. They would just be putting it in the  
8 marketplace and that would be that.

9 MR. MANDEL: Sure, I think we're - I understand  
10 where the Court is coming from, and I think the Court's  
11 point there addresses some of the prior requests. But this  
12 request is geared specifically towards the anti-  
13 counterfeiting group, and the question is when the anti-  
14 counterfeiting group is thinking about how to tell the  
15 difference between a counterfeit and an authentic book, and  
16 I think they're doing it in a way that's totally different  
17 than the receiving group.

18 So just setting the receiving group aside, these  
19 people --

20 THE COURT: Who are these people?

21 MR. MANDEL: They're --

22 THE COURT: What're their jobs?

23 MR. MANDEL: They are, some of them will make  
24 test orders from distributors to see if the book that they  
25 get when they place the test order is or is not

1  
2 counterfeit. Some of them, their job is to serve as an  
3 expert witness in cases like this. Others play other  
4 roles, they attend these inspections that they do at the  
5 distributors. They will be the ones who, when a  
6 distributor sends them a book and says, hey, we don't know  
7 whether this is counterfeit or not, is it, they will be the  
8 ones who inspect that book. Those are the people's emails  
9 we want to see, not with respect to what their general  
10 procedure is for checking books, but with respect to  
11 specifically what methods do they use for distinguishing a  
12 counterfeit from an authentic book.

13           And I think that goes to the absolute heart of  
14 this case. One of the elements of the case is are the  
15 books counterfeit, and they've decided that they're going  
16 to use their own in-house testimony to say whether the  
17 books are or are not counterfeit. And if those people and  
18 the people who work in the office next to them are emailing  
19 each other saying I know we testi - I'm sorry, Your Honor.

20           THE COURT: Go ahead. No, keep going.

21           MR. MANDEL: I know we testified that we used,  
22 that X, Y, and Z means that it's counterfeit, but the day  
23 before I sent another email that said X, Y, and Z doesn't  
24 tell you whether or not --

25           THE COURT: We're kind of back to searching for

1  
2 impeachment. I'm trying to think what you could get out of  
3 - it seems to me if I want to know what these people say  
4 I'm supposed to have done and what makes it so obvious a  
5 book is counterfeit, I would have a 30(b)(6) or ask for  
6 what are your formulated policies and procedures, and then  
7 I'd look at them and say, you know what, now I know what it  
8 is they think.

9           So what you're telling me is, okay, that's not  
10 enough, it's not enough for me to ask that question. I  
11 want to see, I just want to do discovery to see if they're  
12 lying. I don't know that you get that.

13           MR. OPPENHEIM: May I, Your Honor?

14           MR. MANDEL: I think we do get that, Your Honor.

15           THE COURT: You think you do get - you get -  
16 this is discovery just to see if what they're going to say  
17 in the deposition about these general policies for telling  
18 when books are counterfeit or not, whether, in fact,  
19 they're lying about it.

20           MR. MANDEL: I think with any discovery request  
21 you could characterize it is one party lying or telling the  
22 truth. I think the way, respectfully, the fair way to  
23 categorize this request is what is the appropriate method  
24 for determining whether a book is or is not counterfeit.  
25 And if they're emailing each other saying ABC is the

1  
2 method, we're entitled to that whether it's consistent or  
3 inconsistent with their testimony.

4 MR. OPPENHEIM: May I, Your Honor.

5 THE COURT: And remind me, again, why that  
6 colloquy where I say you get policies, you agreed to go to  
7 policies and procedures, why that's not the end of it. The  
8 very colloquy you quote.

9 MR. MANDEL: That was - that I believe that  
10 colloquy related to inspection procedures for receiving  
11 groups. That didn't relate to the --

12 THE COURT: The people who are sort of the  
13 investigator-prosecutor types, is that what you mean?

14 MR. MANDEL: No, when I say the receiving  
15 groups, I mean --

16 THE COURT: No, no, it related to those, it  
17 doesn't relate to this group which you view as more like  
18 prosecutor-investigator types, is that it?

19 MR. MANDEL: Correct.

20 THE COURT: All right, well, you can respond.

21 MR. OPPENHEIM: Your Honor --

22 THE COURT: So, wait, and so we look through  
23 their emails for search terms that talk about  
24 counterfeiting? I'm just trying to think how you find the  
25 emails that talk about kind of the generic processes they



1  
2 use. That's, you know, that's the part I'm having a hard  
3 time. Let's say you were suing a bank for not checking the  
4 signature on the check, which they're supposed to do, I  
5 mean an argument about whether it was their job to see if  
6 there was a forgery on the endorsement or your job to find  
7 it yourself. And they have a policy about what you do, and  
8 you check for white-outs and this, that, and the other  
9 thing for what makes for a bad check. And banks,  
10 apparently unlike these folks, have it really laid out in a  
11 written policy.

12           So then someone's going to come to me and say,  
13 you know what, I now want emails of all the check people to  
14 start finding out ones where they're actually doing some of  
15 this. That's what you're asking me for. Just to see if  
16 there's something other than the policy out there.

17           MR. MANDEL: I mean I think in that situation  
18 the relevant question would perhaps be are the personnel  
19 involved checking that specific check complying with the  
20 policy, and how far down Your Honor's hypothetical you want  
21 me to go, but in that case I think the question would be,  
22 you know, is the person who actually checked that check and  
23 is that person's manager, are they following the policy or  
24 are there a bunch of emails --

25           THE COURT: But you do that - you want to do

1  
2 that by looking at - I'm just trying to figure out what -  
3 I'm just trying to figure out what hope there is of having  
4 an email search that obtains this kind of information in  
5 some targeted way.

6 MR. MANDEL: Sure. I think search E I think  
7 accomplishes it. I think now that Your Honor has excluded  
8 some of the other searches, we could add the parties have a  
9 list of words that they've been using for counterfeit, they  
10 could add, they could take the search that's here and they  
11 could say those words within some number of words of  
12 counterfeit, fake, infringing, whatever the words are that  
13 the parties have been using, and we could - that would be  
14 an extremely targeted search. So unless the, you know, the  
15 words method or policy or process or checklist were right  
16 near counterfeit or a similar word, the document would not  
17 pop up. And they've already told us that there's a very  
18 tiny number of people at these companies that do anti-  
19 counterfeiting work, so it sounds like we're talking about  
20 --

21 THE COURT: But if that's all they do, you're  
22 going to get every email they have.

23 MR. OPPENHEIM: May I, Your Honor.

24 THE COURT: Go ahead, and then I'll hear from  
25 Mr. Mandel again.

1  
2 MR. OPPENHEIM: If I may make two points. The  
3 first is Mr. Mandel doesn't get to come in here and make it  
4 up as he goes. He issued search requests. We've litigated  
5 many of those search requests. We asked him repeatedly in  
6 the back and forth prior to his sending this letter to tell  
7 us what document request was associated with this search  
8 request. The only reference he makes is in the letter  
9 because he didn't tell us in the meet and confer, and that  
10 reference is to a document request that Your Honor ruled  
11 on, and specifically --

12 THE COURT: 12.

13 MR. OPPENHEIM: 12, and limited to exclude what  
14 Mr. Mandel is now seeking. So this issue has been  
15 litigated and resolved and should not be reopened, that's  
16 number reopened. That's number one.

17 Two, this is not novel territory. There have  
18 been tens of thousands of infringement cases over the last  
19 decade I am sure, and there is a way you deal with the  
20 question of is that work infringing. We put forward an  
21 expert. They get to examine that expert. They then get to  
22 put forward their own expert --

23 THE COURT: Right, well, he wants to impeach  
24 your expert by saying notwithstanding his statement that  
25 here's the policies we follow, in fact, in practice they do

1  
2 something else. They don't do it I guess.

3 MR. OPPENHEIM: The document request he  
4 references does not go to that, and he doesn't get to make  
5 it up on the fly here, Your Honor. If he has a new  
6 document request that he wants to posit --

7 THE COURT: Well, frankly, I don't even have the  
8 document request in front of me. So which document request  
9 is this trying to get to?

10 MR. OPPENHEIM: Well, presumably --

11 THE COURT: No, it's a question for Mr. Mandel.

12 MR. OPPENHEIM: Oh, I'm sorry, Your Honor.

13 MR. MANDEL: 16.

14 MR. OPPENHEIM: Your Honor, I don't have --  
15 (interposing)

16 THE COURT: Would you read it out loud to us.

17 MR. MANDEL: And we asked him this repeatedly in  
18 the meet --

19 THE COURT: I'm sorry you're blindsided, and if  
20 you want to table it, come back, we can do that, but maybe  
21 we should try hearing what he says.

22 MR. MANDEL: 16 is "all quality control  
23 policies, procedures, or checklists used by plaintiffs,  
24 their agents in inspecting textbooks for printing errors."  
25 I'm sure there's other requests that go to this, Your

1  
2 Honor.

3 MR. OPPENHEIM: Your Honor, I think this issue,  
4 he's raised it, he referenced a document request that Your  
5 Honor's ruled on. He's had his bite --

6 THE COURT: I don't know, did I rule on 16?

7 MR. OPPENHEIM: No, you ruled on 12, and that's  
8 what he references in his letter. I don't think he gets to  
9 change his argument on the fly because --

10 THE COURT: Well, if you want, I can let him  
11 make a new application if he wants. I don't have deadlines  
12 for raising discovery disputes. Maybe I should.

13 MR. MANDEL: I think we're putting kind of form  
14 over substance here, Your Honor. We have sent them search  
15 requests - when we learned that they only ran a search  
16 request for defendants, we sent them multiple sets of  
17 search requests. They refused to run --

18 THE COURT: No, but I'll tell you something, I'm  
19 totally behind Mr. Oppenheim in one point, which is search  
20 requests are solely have the purpose of having the  
21 searching party conduct a reasonable search for specific  
22 document requests. That's the only purpose of doing an  
23 electronic search of a database or of email or anything  
24 else. So it absolutely has to be tied.

25 MR. MANDEL: I guess I would respectfully

1  
2 disagree with that. I think a party is permitted to serve  
3 a document request that just contains a search list, and  
4 either the search list is supposed to kick up relevant  
5 documents or it's not. But I understand --

6 THE COURT: I couldn't disagree with you more,  
7 so maybe that's what our disconnect here is.

8 MR. MANDEL: Okay, well, look, this issue has  
9 been briefed. The Court has heard a lot of argument on it.  
10 We could, I could go back to my office today and serve  
11 another request, and we could come back here and, you know  
12 --

13 THE COURT: Well, let's talk about it. What  
14 would the request be specifically?

15 MR. MANDEL: The request would be for  
16 communications concerning how to discern a counterfeit book  
17 from an authentic book.

18 THE COURT: Okay, do you want to deal with it  
19 now, Mr. Oppenheim, or you want to wait till it's in  
20 writing?

21 MR. OPPENHEIM: Your Honor, I want to see it in  
22 writing, I want to look at what you've ruled on before, and  
23 have an opportunity to talk to my clients about it and now  
24 deal with it on the fly.

25 THE COURT: All right, I'm going to speed up the

1  
2 process for you to respond to it from 30 days to a week.  
3 So as soon as you serve it, he'll respond, and then tee it  
4 up again if you have to.

5 MR. MANDEL: Okay, do you a meet and confer --

6 MR. OPPENHEIM: Your Honor --

7 THE COURT: I'm not saying you have to produce  
8 the documents in a week. I just say you have to respond.

9 MR. OPPENHEIM: Could we make that ten days? I  
10 am trying to take some part of next week off if possible.

11 THE COURT: No problem, ten days.

12 MR. MANDEL: And do we need to meet and confer  
13 again or have the parties exhausted the issue?

14 THE COURT: No, you should talk again.

15 MR. MANDEL: Okay, understood. All right, that  
16 brings us to organizational charts.

17 THE COURT: Hold on.

18 MR. MANDEL: Here --

19 THE COURT: Hold on, hold on.

20 (pause in proceeding)

21 THE COURT: Go ahead.

22 MR. MANDEL: I think the issue has been  
23 significantly narrowed, you know, during the meet and  
24 confers they refused to produce any organizational charts  
25 other than the ones they've already produced, which is I

1  
2 believe three or four-page pieces of paper. From what I  
3 understand from their response, I think that they're  
4 agreeing to produce documents sufficient to show all  
5 individuals who performed the following functions. I know  
6 there's some debate about what a group is or is not a  
7 group, but who performed the following functions: anti-  
8 counterfeiting, anti-piracy, printing, and receiving  
9 incoming books from January 1, 2013 to the present. Can we  
10 first clarify whether I'm correct in understanding that?

11 THE COURT: Mr. Oppenheim.

12 MR. OPPENHEIM: I didn't know I was going to be  
13 put on the spot to deal with it --

14 THE COURT: If you aren't able to answer it,  
15 tell me.

16 MR. OPPENHEIM: I know we've agreed, Your Honor,  
17 to produce - we have produced some organizational charts.  
18 The major hiccup here has been their insistence on an  
19 organizational chart for an anti-piracy department which  
20 doesn't exist. We've agreed to provide information, some  
21 additional organizational information on the receiving  
22 issue --

23 THE COURT: Is there a way to answer how much --

24 MR. OPPENHEIM: I can't give a comprehensive  
25 answer because I'd have to, on the printing side. On the



1  
2 receiving yes, and on the anti-piracy side yes. On the  
3 printing, I think everybody who's involved in the printing,  
4 as he articulated it, sounds very broad to me, but I'd have  
5 to check with my colleagues on what we've actually pulled,  
6 because these are publishers, and everybody involved in the  
7 printing process could be a very large endeavor. I do know  
8 that on the receiving of the printed books we've definitely  
9 done that.

10 THE COURT: Where does that leave us, Mr.  
11 Mandel?

12 MR. MANDEL: It sounds like there's a dispute  
13 with respect to printing. I'm wracking my brain for some  
14 way to try and resolve it, but nothing comes to mind.

15 THE COURT: I mean are you objecting to  
16 producing an organizational chart for printing? I think  
17 that's the question.

18 MR. OPPENHEIM: Your Honor, I thought this issue  
19 had been resolved, and if he's asking for an organizational  
20 chart that includes everybody who's involved in printing at  
21 the companies, yes, I think we would object --

22 THE COURT: Organizational charts don't usually  
23 include everybody. They include sort of management and  
24 groups and so forth, right?

25 MR. MANDEL: Well, to be clear, they claim they

1  
2 don't have organizational charts. So the way I phrased,  
3 what I understood they were agreeing in their letter to  
4 produce was documents sufficient to show the personnel  
5 between January 1, 2013 --

6 THE COURT: All the personnel? I mean down to  
7 the printer?

8 MR. MANDEL: Well, they don't do the printing  
9 themselves, Your Honor, but yeah, I mean I guess in the  
10 printing departments - I mean in the printing departments I  
11 guess, in the first instance, we could limit it to  
12 managers, documents sufficient to show the managers in all  
13 the printing groups. I would assume our list of deponents  
14 will be drawn from managers, but we would, you know, I  
15 don't want this to be taken as an agreement by me that for  
16 the rest of this case we're never going to insist upon  
17 anyone, identifying anyone else in the printing department.  
18 This is just at this stage this would be a preliminary  
19 production in the hopes of us not having to resolve this  
20 issue again.

21 MR. OPPENHEIM: Your Honor, as I understand it,  
22 and I don't have the documents in front of me on this right  
23 now, but the printing specifications that were produced  
24 very early in this case include on them the individual  
25 within the company responsible for the printing of that

1  
2 book. So we've identified that person to them for each of  
3 the --

4 THE COURT: There's zero burden here. Just give  
5 them an organizational chart for these people that'll help  
6 them understand who in the company has what role.

7 MR. OPPENHEIM: To the extent we have them, Your  
8 Honor --

9 THE COURT: If you have them, yeah.

10 MR. OPPENHEIM: Yes.

11 MR. MANDEL: And then the main dispute here is  
12 with respect to sales personnel. I would offer the same  
13 limitation I offered earlier, it can be whichever sales  
14 groups the defendants fit into.

15 MR. OPPENHEIM: There's absolutely no relevance  
16 to this case, and the sales personnel --

17 THE COURT: You want to know - just so I  
18 understand - the sales, these are people who sell books out  
19 in the world? That's these people's main business I  
20 suppose.

21 MR. MANDEL: Yeah, I mean it would be the people  
22 - I assume, and I don't know this, but I assume there are  
23 like relationship people in other corporations. They're  
24 the ones responsible for talking with --

25 THE COURT: Why do you need them?

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MR. MANDEL: And we need them because we believe that those people are going to say that we are very good at doing anti-counterfeiting work.

THE COURT: Based on reputation? What?

MR. MANDEL: Based on their experience with us in the marketplace.

THE COURT: But you, I mean --

MR. MANDEL: I should say they have requested from us all of our communications with the sales personnel. They have already raised the issue of whether these --

THE COURT: With their sales - well, don't you know who their sales personnel are? I mean you deal with them, right?

MR. MANDEL: No, two of the three plaintiffs will not sell us any books. So with respect to --

THE COURT: Well, then why do you need their sales personnel?

MR. MANDEL: Because they may very well have been saying internally we should be selling books to these people, this is crazy.

THE COURT: This sounds like very hearsay-like and nothing you could ever use as evidence. How does it get to Rule 26 relevance?

MR. MANDEL: Well, anything they say that's

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within the scope of their job is an admission, and they may have made fact-specific arguments that are based on personal knowledge that support the proposition that we're very good at doing anti-counterfeiting work which we believe we are.

THE COURT: This is speculation, and in the absence of some evidence that, you know, this has ever happened and, therefore, if some salespeople are saying that, I want to find out if other salespeople, I mean this just seems extremely far afield, so I'm denying it. What's next?

MR. MANDEL: That resolves the defendants' --

THE COURT: Docket 76?

MR. MANDEL: Yes, thank you, Your Honor.

THE COURT: Okay.

MR. OPPENHEIM: I believe we're moving to docket number 80, Your Honor.

THE COURT: Well, should we just do their stuff first or you want to end up with --

MR. OPPENHEIM: Whichever you prefer, Your Honor, it makes no difference to me.

THE COURT: Mr. Mandel, what do you want to do?

MR. MANDEL: The David Dimm issue is very important and depositions are upcoming.

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THE COURT: Well, we're doing everything, so don't worry.

MR. MANDEL: Okay.

THE COURT: But since you're up, let's do it.

MR. MANDEL: Okay, the bottom line is we cannot prepare for trial in this case without Mr. Dimm. Mr. Dimm has three decades of experience in the book business. He started work for the defendants in 2012. He had a very long career obviously in the book business before he works for defendants. We fully expect him to have a long career in the book business after he leaves the defendants.

They reached out to us and said will you agree to extend the protective order in the Book Dog Book I to this case. We said if, and only if, Mr. Dimm and another person can see highly confidential documents. At that time --

THE COURT: Okay, let's - I mean I remember this issue. Is it your contention that it would be inappropriate to designate particular items as highly confidential - let me phrase it another way. The original order said that certain material was not going to be produced with people who had decision-making authority over pricing, selection of customers, and selection of distributors because they had some - I remember this - they had some very sensitive sales type data. Is it your

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2 contention that, putting aside whatever agreements were  
3 made or whatever protective order was in place, that this  
4 is material that they should not be able to - strike that.  
5 That they should not be able to say that a person who has  
6 such responsibilities must not look at this very sensitive  
7 data. You're saying, tough, they've got to be able to look  
8 at it even if they have those responsibilities?

9 MR. MANDEL: Yes, Your Honor.

10 THE COURT: That's the nub of it. Now there are  
11 some procedural things I guess, but that's the main  
12 disagreement between the two of you.

13 MR. MANDEL: Well, I think there's very  
14 significant procedural arguments --

15 THE COURT: Because --

16 MR. MANDEL: -- but just to get to the merits,  
17 which is what you're - I'm sorry, Your Honor.

18 THE COURT: Because that's obviously a complete  
19 turnaround I guess from what the position was in the last  
20 case.

21 MR. MANDEL: That's correct. I don't know what  
22 happened on this issue in the last case. I can tell you,  
23 when I started this case, one of the reasons I got involved  
24 in this case was my clients were extremely dissatisfied  
25 with the way the case was going, and they felt that because

1  
2 they couldn't see certain documents, they could not mount a  
3 defense. This information is highly technical. It is much  
4 more complicated than you would think looking at it from  
5 the outside. And without Mr. Dimm's participation, we're  
6 not going to be able to prepare for trial.

7           The substantive limitation Your Honor mentioned  
8 makes no sense for distributors. It might make sense for  
9 publishers, but I doubt it even makes sense for publishers.  
10 I think - I can talk about what I think is going on on  
11 their side. They essentially have an outside law firm that  
12 is so experienced in the area through many years of very  
13 hard work, that they have a lot of the expertise that  
14 someone like Mr. Dimm has. There's only one law firm in  
15 the country that I'm aware of that can say that. So they  
16 may not need anyone on the inside to see the documents to  
17 be able to understand the case.

18           But from our perspective, what the order says is  
19 anti-counterfeiting people can see everything provided they  
20 don't have responsibility over those three areas. The  
21 problem is your anti-counterfeiting people are necessarily  
22 the ones who decide, hey, we're going to stop buying from  
23 that supplier or we're going to stop selling to that  
24 customer because they're the ones who are looking at the  
25 books, are they authentic, are they counterfeit, we're



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2 doing the best that we can. This person has sold us a lot  
3 of counterfeit books, suggests maybe they're doing this  
4 intentionally. We need to stop doing business with this  
5 person.

6           So from our perspective, the substantive terms of  
7 the order make no sense because the person who is chiefly  
8 responsible for anti-counterfeiting work over most of this  
9 relevant period had to have decision-making responsibility  
10 over those areas.

11           THE COURT: Hold on, I need more help. I mean I  
12 know Mr. Oppenheim is going to say it's too late, you  
13 agreed to it, and we may get there. I don't know yet. I  
14 just want to think about this as, on the merits as if we  
15 were looking at it afresh to see what the answer would be.  
16 So let's go through that exercise, and then we'll go  
17 through the exercise of, you know, whether we're bound by  
18 the prior order and so forth.

19           So I still don't understand what kind of data  
20 we're talking about, what it's going to be used for, by  
21 which party, and then why you need Dimm. So can you do it  
22 that way for me?

23           MR. MANDEL: Sure. Let me give Your Honor an  
24 example. In the fall there was a deposition of Chegg.  
25 Chegg's a major U.S. distributor. It's a public company.

1  
2 The defendants have perhaps four or five different --

3 THE COURT: This is a plaintiff? I'm sorry.  
4 Who is this person, Chegg?

5 MR. MANDEL: Chegg is a third party --

6 THE COURT: Third party.

7 MR. MANDEL: They are a major book distributor  
8 in the United States. They're public. They deal I believe  
9 largely --

10 THE COURT: Who deposed them, you?

11 MR. MANDEL: We deposed them, yes. The reason  
12 they got involved in the case was the plaintiffs claimed -  
13 this was a Book Dog Book I deposition - the plaintiffs  
14 claimed that they had obtained books from Chegg that the  
15 defendants had sold to Chegg and that those books were  
16 counterfeit. So we were deposing Chegg to see, among other  
17 things, did you really get these books from Chegg. Excuse  
18 me, from the defendants.

19 So, again, there's four or five different types  
20 of relationships, and the Chegg witness testified we are  
21 definitely 100 percent certain that we received the books  
22 at issue in this case from the defendants. And through Mr.  
23 Dimm's assistance, I was able to get the Chegg witness to  
24 admit that --

25 MR. OPPENHEIM: Whoa, whoa, are we going to say

1  
2 something that's highly confidential on the record in  
3 public?

4 THE COURT: Well, actually --

5 MR. MANDEL: No, not at all. It's not going to  
6 refer to any specific title. It's just going to refer to a  
7 channel of relationships between Chegg and Book Dog Books.  
8 I cannot imagine --

9 THE COURT: I'm willing to go off the record  
10 just for a second. Hold on.

11 (off the record)

12 (on the record)

13 THE COURT: Okay, the transcripts are never  
14 filed publicly. There's always a period you can give me a  
15 redacted version. I just need to understand what's going  
16 on, what this highly confidential material is and why it's  
17 important for the case. Go ahead.

18 MR. MANDEL: Sure. So Chegg, this witness  
19 testified that these books definitely came directly from  
20 defendants to Chegg. With Mr. Dimm's assistance, we were  
21 able to get the witness to admit that that was not the  
22 case. With respect to most of the books, they went through  
23 a very separate, very unusual channel, one that I never  
24 could've imagined, and I can briefly explain that channel -  
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THE COURT: Okay, I think we're doing this backwards. How Dimm is useful is the last thing I wanted to hear.

MR. MANDEL: Sure, let me start with the first thing then. I understand where Your Honor is going. The first thing is what is the document that was flagged --

THE COURT: What's the kind of thing --

MR. MANDEL: Yes.

THE COURT: What is the - is this literally - what is that they're designating generically - you don't have to tell me the numbers or the names - what is it that they're designating that is going to make your case here as to why it's so important once we get to Dimm? What kind of material is this?

MR. MANDEL: Sure, sure. Chegg produced to us a spreadsheet that --

THE COURT: If you want to use Chegg as an example, that's fine. I thought you might do it more generically.

MR. MANDEL: Well --

THE COURT: I'm happy to use an example.

MR. MANDEL: I think this is just - maybe make it a little more concrete for the court.

THE COURT: No problem.

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MR. MANDEL: Chegg gave us a spreadsheet, and we've talked about this spreadsheet before.

THE COURT: This is not highly confidential?

MR. MANDEL: The exact substance of the spreadsheet is highly confidential. I don't think the existence - I'm not going to mention a single line of data on the spreadsheet, so I can't imagine --

THE COURT: I said he could mention highly confidential data. It'll be someone's job to redact.

MR. OPPENHEIM: That's fine.

THE COURT: Okay.

MR. OPPENHEIM: So long as we understand that.

MR. MANDEL: I've already explained this in previous transcripts, so I don't think there's anything novel around here.

The transcript - the spreadsheet identified all the books that plaintiffs inspected when it visited Chegg's facility. Each line on the spreadsheet was a different book --

THE COURT: You know, something just occurred to me. Hold all these thoughts. But you're not talking about a third-party's designation of material is highly confidential, is that right?

MR. MANDEL: Yes, but the plaintiffs are

1  
2 producing the same material in this case, so it's just an  
3 example --

4 THE COURT: No, but I'm saying obviously I'm not  
5 going to - there's no way if someone already produced  
6 material under the old protective order that says it can't  
7 be shared with anybody who's involved in sales and so  
8 forth. There's no way I am changing that.

9 MR. MANDEL: I understand. The plaintiffs have  
10 the same documents, so we'll just ask them to reproduce to  
11 us, and that will achieve the same outcome.

12 MR. OPPENHEIM: Except that the plaintiffs have  
13 that document --

14 THE COURT: Because they got it --

15 MR. OPPENHEIM: -- based on information from  
16 Chegg and subject - and that's just one example. There are  
17 a lot of third-party documents that have been produced that  
18 include sales information, customer information, pricing  
19 information, not to mention that our own internal, the  
20 plaintiffs' documents --

21 THE COURT: Okay.

22 MR. OPPENHEIM: -- sales, pricing --

23 THE COURT: There's no way I'm doing anything to  
24 change material that was produced under the old protective  
25 order. I assumed that you were looking for relief with

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respect to new material. Are you looking for it with  
respect to old material?

MR. MANDEL: We're not - we're only looking for  
it with respect to material produced in this case and --

THE COURT: In this case meaning Book Dog II?

MR. MANDEL: Correct.

THE COURT: Okay, that's fine.

MR. OPPENHEIM: I don't mean to interrupt. He  
just said that he took that deposition in BDB I which is --

THE COURT: Well, so now that's not going to be  
a great example, I agree. I really was looking for a  
generic example, so give me a generic example of material  
that they have produced, plaintiffs, under the protective  
order in Book Dog II that you are going to, that is, you  
know, been designated as highly confidential and that you  
are concerned you're not going to be able to use because I  
need to understand what its importance is here because  
that's the only way you'll convince me that we need a new  
protective order applying to the new material, assuming I'm  
even willing to do that, that allows people involved in  
sales to look at their sales data. Okay.

MR. MANDEL: Sure.

THE COURT: Can I just a question? Is it as  
simple as this - I'm just trying to think. Is the stuff

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you're trying to protect the prices you charge certain people for certain books? Is that the crown jewels here?

MR. OPPENHEIM: No, there are a lot --

THE COURT: A lot of other things too?

MR. OPPENHEIM: Yeah, so it includes --

THE COURT: I'm just trying to find out what it is that you're concerned about from your end, maybe that's a way to start, and then I'll hear why he needs this guy to work with.

MR. OPPENHEIM: So there's customer information --

THE COURT: Who your customers are.

MR. OPPENHEIM: Who our customers are and third-parties' customers like the distributors. So Chegg, for instance, we may have an information exchange with them based on an NDA where they provide us information regarding who they're selling certain books to and at what price, and they provide that to us, and that becomes part of an analysis we do on counterfeiting. And so those documents have been produced. They're very confidential both to Chegg and to us.

THE COURT: Okay, and the price - why is the price all part of this? Is the price part of this because price is an indicator of counterfeit if it's too low? Is



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that what this is about?

MR. OPPENHEIM: Well, why they --

THE COURT: Why are we talking about price?

MR. OPPENHEIM: Well, that's just among the information - so they include customer information, the sale information including pricing, and titles and quantities, all of which these companies maintain as confidential. Within our own documents, Your Honor, we have highly confidential information about the details of the counterfeits that we don't, they're our crown jewels because if it gets out what it is --

THE COURT: Well, hold on, hold on. I thought that what we were concerned here were people involved with sales and those categories I listed, not counterfeiting, sales, pricing, things like that.

MR. OPPENHEIM: Well, those are certainly part of it. You asked the categories of highly confidential information, so I was kind of going through it.

THE COURT: Could you just hold on a second?

MR. OPPENHEIM: Yes, Your Honor.

THE COURT: What I thought I'd been presented with, and actually came up because, you know, I think your letter also threw in counterfeiting occasionally. Hold on.

(pause in proceeding)

1  
2 THE COURT: Well, let's not worry about that.  
3 Your anti-piracy efforts, you threw that in at one point.  
4 To me this is about sale, pricing, selection of customers,  
5 selection of distributors, you know, what I view as  
6 classic, I'm not sure what to call it, sales, confidential  
7 sales information. Just the kind of things I assume  
8 companies want to keep secret, which is who they're selling  
9 to and for how much. So if it's something beyond that sort  
10 of thing, tell me what you think we're talking about. What  
11 is it you're trying to protect when you designate something  
12 as highly confidential other than what I just said?

13 MR. OPPENHEIM: I haven't done a complete review  
14 of our production, Your Honor, but it's generally the  
15 categories you described I would assume. I'd have to look  
16 at the entirety --

17 THE COURT: There may be others, I understand.  
18 I'm not holding you to it. So now step two is what is the  
19 relevance of the information about who are selling to and  
20 at what price. I assume the - frankly, I don't know for  
21 sure, but all I've heard so far is maybe it's relevant to  
22 figuring out whether a price they pay should've alerted  
23 them that they had a counterfeit. I'm trying to understand  
24 what the relevance of this highly confidential information?

25 MR. MANDEL: Your Honor, I mean in prior, in

1  
2 many of these prior marathon sessions, Your Honor said we  
3 couldn't get price information from the plaintiffs. So I  
4 think what we're talking about probably is third-party  
5 pricing information.

6 THE COURT: Third-party pricing information.

7 MR. MANDEL: But I don't think third party -  
8 well, I guess this is, so this would be the relevance, we  
9 need to be able to ask the client were these so, you know,  
10 they're saying that these counterfeit, you know, well - the  
11 pricing information, it's hard to see - they're precluded  
12 on arguing the prices are too good to be true in this case.  
13 So I guess the only relevance of pricing information at  
14 this stage is if we want to use the third-party documents  
15 to show that the prices were not too good to be true. And  
16 --

17 THE COURT: Okay, are you getting any of this in  
18 Book Dog II?

19 MR. MANDEL: We have yet to move into third-  
20 party discovery. So --

21 THE COURT: So your fear is that one of those  
22 third-party people will designate material as highly  
23 confidential that you want to use to show that the prices  
24 you paid were not too good to be true.

25 MR. MANDEL: With respect to pricing, off the

1  
2 top of my head, that's the only issue I can think that  
3 would pop up. But there are other sort of categories he  
4 mentioned that might make this easier to go through.

5 THE COURT: He's not doing this - I don't like  
6 deciding protective order issues in a vacuum. You know,  
7 protective orders are very useful certainly as long as  
8 parties agree. But when parties disagree, what I like to  
9 do is see, well, what is the information, should it be  
10 designated, and who needs to look at it, and it's just very  
11 hard to do this in a vacuum.

12 MR. MANDEL: Sure --

13 THE COURT: I just don't know that I want to  
14 say, and, again, I haven't yet gotten to the issue of  
15 whether you should now be bound by this thing, you know, by  
16 the old one. But I would just try to do this without  
17 actual concrete, you know, designation that's happened. It  
18 sounds like it hasn't even happened yet.

19 MR. MANDEL: No, no, may I give Your Honor a  
20 very concrete example?

21 THE COURT: Go ahead.

22 MR. MANDEL: So they mentioned the pricing,  
23 excuse me, the printing specifications. This is what they  
24 call their secret recipe book for making the books at issue  
25 in this case. For each book at issue in this case, they

1  
2 have or will shortly have produced, a short document, it's  
3 probably typically two pages, and it says the book is made  
4 with this kind of paper and with this kind of ink and with  
5 this kind of binding, and there's very specific stuff.  
6 There's obviously a dispute in this case as to whether the  
7 books, exemplars at issue are or are not counterfeit.  
8 Their experts say they rely upon the printing specification  
9 in determining whether the books are or are not  
10 counterfeit. We want Mr. Dimm's opinion, are the books  
11 counterfeit or are they not counterfeit.

12 THE COURT: Stop. So the printing specification  
13 has been designated as highly confidential.

14 MR. MANDEL: Yes.

15 THE COURT: And it just seems that this -  
16 there's a disconnect here because the order talks about  
17 giving such material to people who don't have authority  
18 over pricing, selection of customers, selection of  
19 distributors, which has got nothing to do with why they're  
20 designating the specifications as confidential.

21 MR. MANDEL: I agree.

22 THE COURT: So there's an illogic to it. And I  
23 think we should have a ruling, assuming, you know, we get  
24 aside whether this is in effect or not - we should have a  
25 ruling on about whether that is appropriately designated as

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2 highly confidential, and they will be, and who you need to  
3 show that to. But I would like to do it in the context of  
4 a specific thing that you need access to, assuming we don't  
5 go down this other road.

6 MR. MANDEL: Well, let's start with the printing  
7 specification then.

8 THE COURT: Okay. Which has already been  
9 designated.

10 MR. MANDEL: Correct.

11 THE COURT: I don't have the full protective  
12 order. So under the old protective order they could  
13 designate that, and you would not be allowed to show that  
14 to anyone who dealt with pricing.

15 MR. MANDEL: Correct.

16 THE COURT: Or selection of distributors. Does  
17 that make sense?

18 MR. OPPENHEIM: Yes, it does, Your Honor.

19 THE COURT: Tell me why.

20 MR. OPPENHEIM: Because the idea - so it is a  
21 super secret document. The plaintiffs only agreed to this  
22 protective order and this process and this production based  
23 on all of this. So I know you put --

24 THE COURT: And I'm not making you - there's no  
25 reliance issue. Have you produced it already?

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MR. OPPENHEIM: Oh, it's been --

THE COURT: No, in this case.

MR. OPPENHEIM: Oh, yes, absolutely.

THE COURT: Under the old protective order.

MR. OPPENHEIM: Under --

THE COURT: Under the protective order that you  
thought --

MR. OPPENHEIM: Yeah, it was extended --

THE COURT: -- was in effect, that you had been  
led to believe was in effect.

MR. OPPENHEIM: It is in effect.

THE COURT: No, I understand.

MR. OPPENHEIM: I don't think there's any  
dispute that protective order is in effect, that we and  
they have produced documents pursuant to that protective  
order, that we've produced highly confidential information  
pursuant to that protective order. And the law from the  
Second Circuit here is very clear, the presumption is that  
that protective order remains in effect. So he has a very  
steep hill to climb --

THE COURT: Okay, can I tell you something else,  
because I've written on it and someone cited the case. The  
case law you're talking about that talks about reliance is  
not addressing this situation. It's talking about parties

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2 that create material, specifically usually at a deposition,  
3 in reliance on the existence of a protective order. So  
4 there would be zero reliance - there's no reliance interest  
5 on you if we say, you know what, we're going to visit  
6 afresh the issue, I'm not saying we're going to do it, but  
7 it's annoying me that this is out here, and I just got to  
8 bring it to your attention.

9           If we did go down this road and we said, you know  
10 what, I'm prepared to modify the protective order and now  
11 we're going to decide afresh whether you need to produce  
12 those specifications under some different standard, there  
13 is zero prejudice to you because either it should or it  
14 shouldn't and those specifications would have been, had  
15 been created independent of the protective order. Do you  
16 understand what I'm telling you?

17           MR. OPPENHEIM: I do, Your Honor. In this case,  
18 this was a stipulated protective order. The Court entered  
19 this because the parties agreed to it, and --

20           THE COURT: That's fine, and we can talk about  
21 whether you should, that by itself has any value, but I  
22 reject, and just don't bring it up again, the notion that  
23 there's some Second Circuit case law saying that there's a  
24 steep road to reconsidering that protective order. Because  
25 the case law you're talking about, and if I'm wrong, you'll



1  
2 show me the cases, has to do with people who relied on a  
3 protective order, and if you read the Allen case, you'll  
4 understand why you did not rely on this protective order.

5 MR. OPPENHEIM: I don't know about the Allen  
6 case, Your Honor --

7 THE COURT: Some cited it. I assume they cited  
8 it because they knew I wrote it.

9 MR. OPPENHEIM: We cited the SEC v. The  
10 Street.com case out of the Second Circuit --

11 THE COURT: No, this is a district court case.

12 MR. OPPENHEIM: So --

13 MR. MANDEL: The procedural issue --

14 MR. OPPENHEIM: The district court case that we  
15 cited, Your Honor, was Kerrick, but in any event, Your  
16 Honor, to the extent that, where Mr. Mandel is going is  
17 simply soft, as it is in virtually all of these cases. He  
18 goes and he gets an expert, a true expert who can review  
19 the books, they can have access to the same materials our  
20 experts had access to subject to the protective order.  
21 There's a process for this. He's trying to find a way  
22 around the process that he agreed to, that his clients  
23 agreed to.

24 THE COURT: Okay, so, again, we haven't yet,  
25 haven't even gotten to that yet. So your answer on the

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2 merits is they don't need - it's highly confidential  
3 because I assume you understand why. I understand why it's  
4 relevant to the case. And now you're addressing the  
5 question of why they don't need Dimms, and your answer is  
6 one hires an expert for that purpose, one doesn't use the  
7 president of the corporation.

8 MR. OPPENHEIM: Correct, Your Honor.

9 THE COURT: Got it. Okay, you know, we picked  
10 out this one thing because I needed something concrete, so  
11 I guess we have to go down the road of this one thing. Why  
12 wouldn't that be the answer?

13 MR. MANDEL: Sure. I'm not aware, and we've  
14 looked, for an expert on this issue, and I will note they  
15 haven't sought an outside expert. They're using their own  
16 employee. I am not sure I will be able - even if - and  
17 I've --

18 THE COURT: This guy's going to be qualified as  
19 an expert under Rule 70 whatever, that's the plan?

20 MR. MANDEL: Potentially. I need to be able to  
21 show him the document to see what his opinion is. We may  
22 not ultimately contest this issue as to whether a lot of  
23 these books are or are not counterfeit, but we have to be  
24 able to consult the only expert we've been able to identify  
25 who happens to be an in-house expert.

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THE COURT: Okay. You want to say something?

MR. OPPENHEIM: There are thousands of printers and production people in this country who have worked on these types of issues. The notion that the only person that they could possibly get is the president of the defendant, a defendant who has now been sued three times for the distribution of counterfeit books and who the plaintiffs inherently do not trust, seems far-fetched.

MR. MANDEL: May I add that there's no obligation to hire an expert. I mean this is not --

THE COURT: No, I'm not saying there's an obligation, but if I agree that this is highly sensitive information, which I probably do. You know, it's like the U.S. mint says here's how you put together a \$50 bill. Then I can see why one doesn't want to put this in the hands of the tort feisor; one hires the expert. Accused tort feisor.

MR. MANDEL: In a case where we were accused of having manufactured counterfeits, I might have --

THE COURT: Maybe that was the wrong --

MR. MANDEL: But there's no allegation that we manufacture any counterfeits. There's an allegation that we're not good enough or that we don't care to bother to tell the difference between authentic books and counterfeit

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books.

THE COURT: We're now going down a road that no one thought about beforehand, and I don't know what the experts are. This is all being sprung on both of you. And it's because of my own insistence that I don't want to decide the Dimms issue in a vacuum. I want to decide it based upon specific needs over specific types of data. So I hate to keep putting things off, but I think this is a real problem.

Now, I could try going down the road we talked about earlier which is whether you should or should not be bound by the protective order, and I know Mr. Oppenheim wants to go down that road, so I think we have to go down that road. So let's see if that answers the question, and if it doesn't, we're going to have to come back to this and figure out how you can do this on a category by category basis, what kind of data you need and why, and how you can make the case that Dimms is the only guy in the world who can help you on this.

MR. MANDEL: Sure, so let me begin there with paragraph 4(b) of the protective order. Paragraph 4(b) of the protective order --

THE COURT: Well, no, let's begin with his argument. Maybe I should hear from him. Well, go ahead.

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MR. MANDEL: I think this is going to cut to the chase, I really do, Your Honor.

THE COURT: Go ahead.

MR. MANDEL: Paragraph 4(b) says any party can consent to any other party seeing highly confidential information. Before we agreed to this protective order, they consented in writing twice to Mr. Dimm seeing the highly confidential --

THE COURT: I mean, see, that's cute, but it was before he had these responsibilities.

MR. MANDEL: No, Your Honor, there was no material change in his responsibility - first of all, they knew, they deposed him in Book Dog Book I, and in that case he testified I have responsibility over pricing. So at the time they consented twice in writing to Mr. Dimm seeing highly confidential information, they deposed him, and he had said under oath, yes, I have control over pricing. So the idea that --

THE COURT: Well, I don't --

MR. MANDEL: -- they were bamboozled or the idea that something changed --

THE COURT: No, I'm not worried about them being bamboozled, but I'm worried about why you would have allowed him to see it if he had control over pricing.

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MR. MANDEL: We did not allow him to see anything. When it came time to negotiate the Book Dog Book II protective order, we said, look, we're not agreeing --

THE COURT: No no, no, no, hold on, but you now acted as if they had sort of waived something in the prior case, and I'm --

MR. MANDEL: No, my only point --

THE COURT: -- by knowing that this guy had these roles and then agreeing to him be a person.

MR. MANDEL: Yes, that I am arguing. When they knowingly --

THE COURT: And I'm saying I'm not sure I buy that.

MR. MANDEL: Okay, I understand, but I think the point here --

THE COURT: Let's go to the next one.

MR. MANDEL: Okay, but you --

THE COURT: I can tell you why I don't buy it.

MR. MANDEL: That would be helpful.

THE COURT: No, because if you have something in writing and says person who gets the confidential material can't have jobs that do A, B, and C, and if you then say to him is it okay if this guy does it without specifically saying he does A, B, and C as opposed to making them

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2 remember from the deposition, I don't think I would find a  
3 waiver in that situation.

4 MR. MANDEL: Okay, well, the other - all right.  
5 So the second point is if you look at paragraph 4(g) of the  
6 protective order, it says at any time --

7 THE COURT: Do I have it quoted somewhere? Is  
8 it in your letter or --

9 MR. MANDEL: It was attached. I know we  
10 provided a courtesy copy --

11 THE COURT: Okay, it's attached to your letter,  
12 hold on, I'm going to get it.

13 MR. OPPENHEIM: Which attachment is that again?

14 MR. MANDEL: It is --

15 THE COURT: It's docket 79, exhibit A.

16 MR. MANDEL: Yeah, it's --

17 THE COURT: No, that's the extension, I'm sorry.

18 MR. MANDEL: No, it's --

19 THE COURT: It's attached to it, okay.

20 MR. MANDEL: It's exhibit A. Of course, I've  
21 forgotten my copy, but it is exhibit A. And 4(g) says --

22 THE COURT: Let me look at 4(g). Oh, it allows  
23 you to come back to me and get permission for the guy.

24 MR. MANDEL: Yes.

25 THE COURT: Who's not authorized under (b) or

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2 (c). Okay, so you're saying this specifically allows you  
3 to obtain permission. All right, so I'm not sure what  
4 standard I would apply to that, but the parties  
5 contemplated that possibility.

6 MR. MANDEL: Yes, that's exactly right. And the  
7 third point I would make is --

8 THE COURT: Well, I'm not sure this was in your  
9 letter. Was there sprung on you, Mr. Oppenheim?

10 MR. OPPENHEIM: Yeah, this is the first time  
11 I've heard this.

12 THE COURT: Well, if you look at it, it's not a  
13 bad argument, but I want to give you the chance to think  
14 about it.

15 MR. OPPENHEIM: I just wish we could submit an  
16 argument, we get to respond, and we rule on that instead of  
17 this free-wheeling brainstorming session to help Mr.  
18 Mandel's case.

19 THE COURT: Well, sometimes these things happen.  
20 All right, go ahead.

21 MR. MANDEL: And then the third point is, to be  
22 clear, we received their statement in writing that they  
23 consented to Mr. Dimm seeing highly confidential  
24 information before we agreed to the protective order in  
25 this case. We absolutely, and if you look at exhibit C to



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2 our letter, I think it's very clear that we would never  
3 have agreed to this protective order if they hadn't told us  
4 in advance, sure, we have no objection to Mr. Dimm seeing  
5 the highly confidential information. And their point is,  
6 oh, but --

7 THE COURT: Did he have the president job at  
8 that time?

9 MR. MANDEL: The short answer is I'm not sure.  
10 When Mr. Dimm testifies, he's going to say there was an  
11 exact day he became president. There was a point at which  
12 his responsibilities changed. The reality is in most  
13 respects, possibly in all respects, he has less day-to-day  
14 control over pricing, customers, and distributors as  
15 president than he did when he was head of inventory and he  
16 was deposed in the last case. The reality is there's now a  
17 new person that has that inventory role, and his is a more  
18 global management role. He's not as involved in making  
19 decisions about specific books or specific suppliers or  
20 specific prices.

21 So the reality is if you wanted to cut to the  
22 purpose of the protective order and look at how his change  
23 in role affected that purpose, I think it is very clear  
24 that he is more entitled to see the highly confidential  
25 documents now than when they consented to it back at the

1  
2 time the protective order was issued by this Court.

3 THE COURT: Go ahead, Mr. Oppenheim.

4 MR. OPPENHEIM: My mother would characterize  
5 this as the ultimate chutzpah. And here's why. What  
6 happened in this case is that the defendants violated the  
7 protective order in --

8 THE COURT: In Book Dog I?

9 MR. OPPENHEIM: In Book Dog I they submitted the  
10 undertaking in June of 2015, and they describe Mr. Dimm as  
11 apparently the VP of inventory, which I guess now is not  
12 accurate and was not accurate. And at some point in time  
13 his titles may have changed. They never told us. And they  
14 want to claim that because we took his deposition a year  
15 and a half later in a context where we're not thinking  
16 about the protective order is, oh, woe is you, you  
17 should've known and now you've waived your argument. But  
18 for the fact that Mr. Mandel's represented to us that Mr.  
19 Dimm has never seen highly confidential information, we  
20 would be here on a motion to enforce a violation of the  
21 protective order of some sort.

22 THE COURT: Okay, well, I agree with you on this  
23 waiver thing, so don't worry about that any further. I  
24 think their main point, the best point right now is that -  
25 hold on - that they would not have agreed to this

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2 protective order if you hadn't said that Dimm was going to  
3 be part of it, and maybe you didn't have complete  
4 information. Maybe that's the problem.

5 MR. OPPENHEIM: Well, the consent that they're  
6 talking about is because they had told us in June of 2015  
7 he was the VP of inventory and that he had already signed  
8 the undertaking as though he complied with the protective  
9 order. So he says, well, you consented. Now, you may have  
10 consented under false pretenses, but you're bound by that.  
11 That's unbelievable, Your Honor, this notion --

12 THE COURT: Well, no, but the point - I don't  
13 think - they're saying - it's one step removed from that  
14 because what they're saying is we wouldn't have signed the  
15 second protective order stipulation if you hadn't agreed to  
16 Dimms. But your argument is, well, we only agreed to Dimms  
17 because of a misrepresentation.

18 MR. OPPENHEIM: Of course, Your Honor.

19 THE COURT: It's just one step removed from what  
20 you were saying.

21 MR. OPPENHEIM: I don't --

22 THE COURT: We went down a chain, and your point  
23 is it's their fault because they're at fault in this chain.

24 MR. OPPENHEIM: They absolutely misrepresented  
25 what Mr. Dimm's responsibilities were when he signed the

1  
2 undertaking, and then they said, well, you consent to Mr.  
3 Dimm, and we're sitting here based on their having misled  
4 us --

5 THE COURT: I don't think they made any  
6 representation at the time they asked you to include Dimms  
7 the second time around.

8 MR. OPPENHEIM: No, but I think it's fair for us  
9 --

10 THE COURT: There's no misrepresentation there.

11 MR. OPPENHEIM: Except it's a misrepresentation  
12 by omission, Your Honor, because they clearly knew that Mr.  
13 Dimm had executed it in BDBI --

14 THE COURT: Well, they also knew that he told  
15 you what his job duties was in the deposition. So, you  
16 know, neither of those was referenced at the time they  
17 asked to have Dimms included.

18 MR. OPPENHEIM: The way you hand this, Your  
19 Honor, is if Mr. Mandel wanted what he's now seeking, he  
20 would've said, you know, Mr. Dimm's responsibilities have  
21 changed. We still want him to be able to see highly  
22 confidential information. He wouldn't be able to sign the  
23 undertaking as the way it's currently drafted, but if  
24 you'll consent to him seeing it, we'll stipulate. Mr.  
25 Mandel didn't say that to us. That's how you handle it.

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2 That's how you would've handled it, that's how I would've  
3 handled it.

4 To come now and suggest we've waived because they  
5 omitted a --

6 THE COURT: That's not the - I told you forget  
7 that argument. You won the waiver argument. What they're  
8 saying is to come - here's what they're saying. They're  
9 saying is we signed the second thing assuming you were okay  
10 with Dimms, and your answer to that is, well, we're only  
11 okay with Dimms because you misrepresented to us something.

12 MR. OPPENHEIM: They don't get to roll that back  
13 and say that now, Your Honor.

14 THE COURT: Well, I think we do have a 4(g)  
15 problem. I know it was sprung on you, and maybe you don't  
16 want to deal with it on the spot, but it's there.

17 MR. OPPENHEIM: There's a specific federal rule  
18 on this, and I'm sure - Rule 37 I believe addresses, and  
19 I've not done the legal research on this to see what their  
20 standard is to come and seek an exception under the  
21 protective order.

22 THE COURT: The order provides no - I don't  
23 think Rule 37's going to help you.

24 MR. OPPENHEIM: Your Honor, I believe - one  
25 moment, let me just pull it out. So under 4(g), if I'm

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2 reading it correctly, it says, first, they're supposed to  
3 come to us to try to negotiate a resolution --

4 THE COURT: Oh, you mean you're talking about  
5 the generic meet and confer stuff.

6 MR. OPPENHEIM: And then it says, "If the  
7 parties are unable to obtain permission, it may seek  
8 intervention by the court pursuant to S.D.N.Y. Civil Rule  
9 37.2" --

10 THE COURT: Which just says meet and confer,  
11 that's all.

12 MR. OPPENHEIM: Well, okay, and Rule 3(a)(4), I  
13 just - Your Honor, I've not done the legal research --

14 THE COURT: That's fine.

15 MR. OPPENHEIM: -- this is the first argument.

16 THE COURT: I would like to - I'm not, for what  
17 it's worth, I'm not ready at this point to say, oh - I'd  
18 rather not deal with the question of who's bound by Dimms  
19 or the protective order, if, in fact, even under the  
20 existing protective order they're free to come here and  
21 make, I don't know if you call it equitable, whatever case  
22 that they need to have Dimms here. So I'd like just to  
23 have the opportunity to look at that question.

24 MR. OPPENHEIM: So, Your Honor, I believe, based  
25 on their current request to the Court, you should deny it.

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2 If they have another request under 4(g) and they want to  
3 set forth the basis by which they should get an exception,  
4 they should submit that to the Court. We should see it,  
5 and then we can respond.

6 THE COURT: I agree. Assuming 4(g) lets them  
7 just say here's a just result, they're going to make that  
8 case, and this is the very thing I was talking about which  
9 is I want to know the specific data at issue, what it's  
10 going to be used for, and why, you know, it has to be him  
11 and not an expert or some other person in the company or a  
12 lawyer, whatever it is. I think that has to be laid out.  
13 That's assuming 4(g) allows them to do that.

14 Right now looking at it, it does seem to allow  
15 them to do that. So I would rather instead of parsing out  
16 this whole other issue, which won't help you, because your  
17 best case scenario is the protective orders in effect. And  
18 this protective order gives them an out. Your best case  
19 scenario in all that is they're bound by the protective  
20 order.

21 MR. OPPENHEIM: I assume the protective order is  
22 in effect and they would have to abide by it.

23 THE COURT: Yeah, right, exactly. And so I  
24 think 4(g), I think we shouldn't waste our time on that, on  
25 whether the protective order is in effect or not, because

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4(g) is there anyway.

MR. OPPENHEIM: If they want to submit a new revised request under 4(g) to Your Honor, I guess I can't preclude them. I think as an equitable matter, given their misconduct in the first instance, they shouldn't be allowed to do it now, but if Your Honor wants to allow it, I think that's up to Your Honor.

MR. MANDEL: Your Honor, there was no misconduct. Whatever happened in the first case, the protective order, in order for someone to see highly confidential information requires two different things. First, they have to sign the undertaking, and, second, they have to represent that they meet the substantive standard that's set forth in the protective order regarding not having responsibility of a pricing distribution sourcing. That representation was never ever made, ever.

So this idea that they were relying upon an undertaking which was some sort of lie is crazy because the reality is --

THE COURT: No, the reliance part came when you emailed them and said is it okay for Dimms to see this stuff. And then they said yes because they assumed he had the whatever responsibility that had been represented, and then you're using that to say, well, that's why I agreed to



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2 the same thing. It's like this chain which I don't want to  
3 go down because even if the protective order's in effect,  
4 it looks like 4(g) is just, you know, letting it wash out,  
5 and we start over again.

6 MR. MANDEL: Understood. I felt I had to  
7 respond to the misconduct allegation.

8 THE COURT: All right, so I think it's now  
9 understood, make your application under 4(g) any time, meet  
10 and confer. Mr. Oppenheim will have the opportunity to say  
11 4(g) means something other than what we've said, but you  
12 should certainly not assume that's the case and go down the  
13 substantive road of saying I need Dimms to look at specific  
14 things, not just be some generic person to look at all  
15 highly confidential material.

16 MR. MANDEL: Okay, we need Mr. Dimm, in our  
17 opinion we need Mr. Dimm to attend the depositions which  
18 are about to start shortly. So can we just get a date on  
19 the calendar by which this can be fully briefed and we can  
20 come back and address this before the depositions begin?

21 THE COURT: Yeah, I mean does he - does it have  
22 - are these depositions necessarily including highly  
23 confidential material?

24 MR. MANDEL: I would expect they all will. But  
25 yeah, I mean and, frankly, yeah, I mean - yes, I think

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2 certainly I'm trying to envision some person where they're  
3 not going to ask - I mean if they want to consent for  
4 certain people to not ask Mr. Dimm to leave the room during  
5 the depositions, I don't think that conversation will be  
6 productive.

7 THE COURT: Okay.

8 MR. OPPENHEIM: Your Honor.

9 THE COURT: Yeah.

10 MR. OPPENHEIM: Mr. Mandel raised --

11 (pause in proceeding)

12 THE COURT: Go ahead.

13 MR. OPPENHEIM: Mr. Mandel raised this issue  
14 about Mr. Dimm months ago with us. Months ago.

15 THE COURT: Where are you going with this?

16 MR. OPPENHEIM: The idea that we're going to now  
17 going suddenly be crushed to respond to this request  
18 quickly because of the onslaught of oncoming depositions  
19 when he could've filed this motion four or six weeks ago to  
20 me is --

21 THE COURT: I'm not saying I'm rushing you.  
22 When do you think you're going to figure this out?

23 MR. MANDEL: I think we'll submit our letter  
24 next week. So I would think early the following week we  
25 can --

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THE COURT: You're trying to have a vacation next week, right?

MR. OPPENHEIM: I was trying.

THE COURT: No, I'm not going to schedule anything during your vacation. Just one week, right?

MR. OPPENHEIM: Yes, Your Honor.

THE COURT: All right. So you'll do this while he's on vacation.

MR. MANDEL: Yeah, I will actually be gone the following week, so one of my colleagues will have to handle it, but it's that important that I think it needs to be handled that week.

THE COURT: Well, he's going to have to answer when he comes back, so we need to give him a few days.

MR. MANDEL: Sure.

THE COURT: Maybe the Friday of the following - can you pull up a calendar? All right, so today's the 3<sup>rd</sup>. Your letter's coming in next week. You're coming back from your vacation the 14<sup>th</sup>, right?

MR. OPPENHEIM: The 13<sup>th</sup>, yes, Your Honor.

THE COURT: So how about the 16<sup>th</sup> for any response?

MR. OPPENHEIM: That's fine, Your Honor. When is their motion due? I'm sorry, I missed that date.

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THE COURT: Well, you know, of course, the theory of this is you're conferring with him.

MR. MANDEL: I think we've conferred extensively, I mean --

THE COURT: All right, fine, don't worry about it. Okay, what's on the 18<sup>th</sup> - what's the 18<sup>th</sup> look like? (pause) What's the case? (pause) All right, okay. Anything else? How about 10:30, Friday the 18<sup>th</sup>? If you prefer another day, just tell me.

MR. OPPENHEIM: My only concern is, Your Honor, that with all the depositions that we need to do, and we've already proffered dates that I believe --

THE COURT: I don't think we should be putting off, I mean I think your guy's going to have to not go - we can't put off depositions indefinitely. Who's taking whose depositions?

MR. OPPENHEIM: I have no idea who they're taking and --

THE COURT: I'm going to call you back, all right.

MR. OPPENHEIM: I'm sorry, Your Honor. I have no idea who they're taking or when. We've given them notices, we've given them proposed schedules, but --

THE COURT: Well, you don't need him for, they

1  
2 don't need him to be at your depositions of their people.

3 MR. OPPENHEIM: No, no, no, my concern is that I  
4 believe we've scheduled a deposition for the 18<sup>th</sup>. So if  
5 we have to be here in court, we can't be in Ohio taking a  
6 deposition.

7 THE COURT: Oh, I see. All right, so the 21<sup>st</sup>, I  
8 don't know.

9 MR. OPPENHEIM: I don't believe we have a  
10 deposition scheduled for the 21<sup>st</sup> at the moment, but I also  
11 haven't received any response --

12 THE COURT: Do you guys want to figure it out  
13 tomorrow and send me a letter with a few dates?

14 MR. MANDEL: I think the 21<sup>st</sup> is fine, Your  
15 Honor.

16 THE COURT: Want to try the 21<sup>st</sup>?

17 MR. MANDEL: Yes.

18 THE COURT: Who knows if I'm free. (pause) Hi,  
19 how's the 21<sup>st</sup> look? (pause) How about the 22<sup>nd</sup>? What's  
20 Cooper v. Fuller?

21 MR. OPPENHEIM: We have depositions --

22 THE COURT: You have depositions the 22<sup>nd</sup>?

23 MR. OPPENHEIM: The rest of the week we have  
24 depositions.

25 MR. MANDEL: Nothing has been scheduled.

1  
2 They've been proposed - we will move - I don't think we can  
3 let it go past the 22<sup>nd</sup>, so --

4 THE COURT: Let me work on - I'm booked all the  
5 day the 21<sup>st</sup>, but I see what the thing in the morning is.  
6 (pause) Oh, that's never going to happen. They're putting  
7 a new person on that case. All right, we can do 11 a.m. on  
8 the 21<sup>st</sup>. (pause) All right, thank you. Thank you, bye.

9 So you're going to have to put specific types of  
10 information you're talking about because I couldn't - no  
11 one's even talked about sales information here. Right now  
12 all I heard about is printer specifications.

13 MR. MANDEL: Sure.

14 THE COURT: So you're going to have to figure  
15 this out.

16 MR. MANDEL: May we file our motion under seal?  
17 I assume we're going to need to attach highly confidential  
18 documents?

19 THE COURT: Yeah. You know, if you can redact,  
20 just file a redacted version - don't file it under seal.  
21 File a redacted version or leave out documents or whatever  
22 on ECF and send me by overnight mail or delivery unredacted  
23 courtesy copies.

24 MR. MANDEL: Understood.

25 THE COURT: Did we get to your issue?

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MR. OPPENHEIM: I think the only outstanding  
issue on Dimm was you didn't set a date by which their  
application is due.

THE COURT: Oh.

MR. OPPENHEIM: You said the response was due on  
the 16<sup>th</sup> --

THE COURT: They're going to do it while - it  
has to be done while you're on vacation anyway, right?

MR. OPPENHEIM: Well, that's fine --

THE COURT: So a week from tomorrow, right?

MR. OPPENHEIM: Yes.

THE COURT: The 11<sup>th</sup>.

MR. OPPENHEIM: The 11th.

THE COURT: Right.

MR. OPPENHEIM: So if we're done with the Dimm  
issue, Your Honor --

THE COURT: Now we have your issue, right?

MR. OPPENHEIM: Yes, Your Honor.

THE COURT: Okay, oh, financial data, all right.

MR. OPPENHEIM: And sourcing data, Your Honor.

THE COURT: Okay, hold on. Andrew, just make a  
note so we don't forget to calendar that, 11 a.m. on the  
21<sup>st</sup>.

(pause in proceeding)

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THE COURT: Hold on, hold on.

MR. OPPENHEIM: Is it possible to take a two-minute break, Your Honor?

THE COURT: Go ahead.

MR. OPPENHEIM: Thank you.

(off/on the record)

THE COURT: Okay, go ahead.

MR. OPPENHEIM: So, Your Honor, docket reference 80, number 80 is what we're on now. There are two pieces to it, one is financial information and the second is source information. Your Honor, both of these the Court has already ruled on and ordered the defendants to produce the information. The defendants, unfortunately, have provided documents and information by half measures here. We have gone back and forth numerous times, and we still can't seem to get what we've asked for and what the Court has ordered.

So the Court on the financial issues previously ordered the defendants to produce what they produced in BDBI, and what was produced in BDBI was ordered by Judge Pauley, and that order included all documents relating to, dot dot dot, and extended to entities beyond just the specific defendants in the case but other entities that were related to the defendants. And if I may, Your Honor,



1  
2 in order to aid the Court in its understanding of the  
3 issues, just as a demonstrative hand-up, what was produced  
4 in BDBI and then what has been produced in BDBII so you can  
5 see the actual documents at issue. Is that all right?

6 THE COURT: Let's hope you have copies for Mr.  
7 Mandel.

8 MR. OPPENHEIM: Of course I do, Your Honor.  
9 These are marked highly confidential, Your Honor, so I'm  
10 not --

11 THE COURT: Just remember to take them back from  
12 me if you don't mind.

13 MR. OPPENHEIM: Yes, Your Honor. May I  
14 approach?

15 THE COURT: Yes.

16 (pause in proceeding)

17 MR. OPPENHEIM: So, Your Honor, the first  
18 document which is the one with the darker of the two covers  
19 and says deposition exhibit 8 was what was produced in  
20 BDBI. Then you will see this is an example of the  
21 consolidated financial statement that was produced in  
22 response to Judge Pauley's order in BDB1, and you can see  
23 that it provides information with respect to Robert William  
24 Holdings LLC and its subsidiaries and all of the details in  
25 there. There was other financial information produced as

1  
2 well, but this is an example of what was produced. If you  
3 look at the second document, Your Honor, which was produced  
4 by the defendants in this case, you will see mostly black  
5 because it's been redacted.

6           And so there are two points here, Your Honor.  
7 First off, this is not, what the defendants produced here  
8 is not consistent with what was produced and ordered in  
9 BDBI which is what Your Honor ordered. Secondly, it is not  
10 possible to understand the finances of the defendants in  
11 this case when we get a document 90 percent of which is  
12 redacted. And so we believe that the Court needs to  
13 enforce its prior order and require the defendants to  
14 produce unredacted versions of these documents.

15           In addition to that, we have been produced no  
16 information on distributions, Your Honor. While the  
17 defendants --

18           THE COURT:     Distributions?

19           MR. OPPENHEIM:     Distributions, that is profits  
20 spinning out of the companies. The defendants suggest in  
21 their letter, oh, we don't need to produce that  
22 information. You can calculate that on your own and here's  
23 how you do it, here's what you look --

24           THE COURT:     Tell me what was required to be  
25 produced before in distributions.

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MR. OPPENHEIM: Your Honor ordered that distributions information be produced, and it's in the transcript, Your Honor.

THE COURT: Of BDBI?

MR. OPPENHEIM: And BDBII. So Your Honor ordered on May 4 that they must produce whatever was ordered last time unless we reach some other agreement. And then you'll see in our letter, which is document 80, we list what was ordered in BDBI. And what the --

THE COURT: Well, I'm just wondering were distributions at issue in BDBI or ordered in BDBI. That was my question.

MR. OPPENHEIM: Well, Judge Pauley is the third bullet point, specifically identified distributions.

THE COURT: Ah, distributions. Distributions transferred to Smeyers from these other people. So it's a little more specific than that.

MR. OPPENHEIM: Well, that's because he was the owner, Your Honor, so that's who the distributions would go to.

THE COURT: I see. Okay, Mr. Mandel.

MR. MANDEL: Mr. Oppenheim, with all due respect, said something that was false and it absolutely goes to the heart of the dispute. He repeatedly said that

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2 Your Honor ordered us to produce what we produced last  
3 time. That's not at all what happened, and if you just  
4 look at page 1 of Mr. Oppenheim's own letter, you will see  
5 he quotes Your Honor's order and Your Honor's order is  
6 defendants, quote, "must produce whatever was ordered last  
7 time unless you two reach some other agreement." They have  
8 produced no order whatsoever that requires any affiliate of  
9 the defendants in the last case to produce financial  
10 statements. I'm not aware of any other order. It was a  
11 long case.

12 I assume what Your Honor I think said to them  
13 during the last conference is if you've got some order that  
14 says they have to produce something, show it to the  
15 defendants and then they have to, you know, then they have  
16 to produce it. There is no order whatsoever that requires  
17 us to produce financial information for affiliates. The  
18 defendants have produced all of the relevant financial  
19 information. So I think that puts that issue to bed.

20 With respect to the distributions --

21 THE COURT: Well, no, he had another point,  
22 which is he can't understand the statement without having  
23 the material that's been redacted.

24 MR. MANDEL: So - okay. So what he produced  
25 here are audited financial statements. In BDBI audited

1  
2 financial statements might have been relevant because Mr.  
3 Smeyers was a defendant, and he owned the whole  
4 consolidated company.

5 THE COURT: It's a slightly different point.  
6 He's saying you can't understand this document without  
7 having full context.

8 MR. MANDEL: Sure, I understand what he's  
9 saying. Let me say this is not - we produced this as an  
10 accommodation to them. We're not required to produce this  
11 document. We produced, which explains everything he needs  
12 to know about the defendants' financial statements, our  
13 quarterly financial statements for every quarter during the  
14 relevant period that has all of the defendants' financial  
15 information on it.

16 So this was just produced because they said we  
17 want audited, we want audited, we want audited. They're  
18 not audited. The defendants have no audited financial  
19 statements. The only thing that remotely resembles --

20 THE COURT: Why does it say independent  
21 auditor's report?

22 MR. MANDEL: That is an audit of the parent  
23 company. The material that's been redacted --

24 THE COURT: A parent of what, your client?

25 MR. MANDEL: Of the defendants, correct. The

1  
2 defendants, there's a supplement or an attachment that  
3 describes the defendants at issue in this case. We  
4 produced that portion of the audited financial report.  
5 There is - because they have our complete financial  
6 statements, the only purpose of this audit report is they  
7 can compare our monthly, or quarterly, excuse me, financial  
8 statements to whatever's in the audited thing. This is  
9 just a check on the comprehensive statements that they  
10 already have.

11 MR. OPPENHEIM: Your Honor, so, again, this is  
12 just a blatant misrepresentation. So in Mr. Mandel's  
13 letter, he acknowledges that the quarterly statements that  
14 they produced were things they created just for this  
15 litigation.

16 THE COURT: Right.

17 MR. OPPENHEIM: Summaries. Judge Pauley  
18 specifically told the defendants in 2013, "The mere  
19 production of documents summarized in the request for  
20 production of documents or information will not satisfy  
21 this order and may result in sanctions." Because we went  
22 through this exact same exercise in BDBI. That's why we  
23 ended up with these audited financial statements.

24 So this is not complicated. Audited financial  
25 statements get produced in cases all the time. They can

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2 designate it as highly confidential, which they have, but  
3 they need to be produced in a way that is understandable.  
4 Moreover, we know, based on both entries that we've seen in  
5 these documents that show intercompany transfers and from  
6 the sales and sourcing data of books going back and forth  
7 as between these entities, that there's no way we're going  
8 to be able to understand the financial picture without  
9 seeing the entirety of this. And there's no reason not to  
10 let us see it unless they're hiding something.

11 THE COURT: Mr. Mandel.

12 MR. MANDEL: The purpose of the Court's last  
13 order was not to relitigate what should or should not be  
14 discovered. And they're now seeking information that was  
15 not ordered to be produced in the last case. They start  
16 off by saying this was ordered to be produced in the last  
17 case, and now they're backing away from that position. Now  
18 they're making a totally different argument --

19 THE COURT: Hold on a second. I don't think I  
20 meant to say that - all right, well, I'll withdraw it. So  
21 your point is you voluntarily produced it in the last case,  
22 and he's saying that's not correct, that you were required,  
23 in fact - listen, I'm not going to spend more time on this.  
24 This is highly confidential material. It's been  
25 designated, it's going to be treated that way by the

1  
2 plaintiff. There has been enough information in Book Dog I  
3 regarding the confusion (indiscernible) the finances of  
4 these defendants. They need the full thing just to  
5 understand it. It'll be kept highly confidential. So I'm  
6 overruling your objection. You should produce an  
7 unredacted version.

8 MR. MANDEL: The Court - I mean we haven't gone  
9 to our second argument which is that Mr. Smeyers is not a  
10 party in this case. He was a party --

11 THE COURT: Let me hear about that.

12 MR. MANDEL: I mean if this was ever relevant,  
13 and I don't think it was, and it -

14 THE COURT: So you're saying this is not  
15 relevant.

16 MR. MANDEL: It has nothing to do --

17 THE COURT: Why did you produce it if it's not  
18 relevant?

19 MR. MANDEL: We produced it as an accommodation  
20 to them. They said we are dying for an audited financial  
21 statement. Why won't you give us an audited financial  
22 statement --

23 THE COURT: It's of one of your defendants  
24 though, right?

25 MR. MANDEL: No, this is the - this company is



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not a defendant.

THE COURT: It's a parent of the defendant.

MR. MANDEL: Correct. All of the information about the defendants that is in the financial statement is unredacted, and they have that. And they can compare that to the quarterly financial statements, which they have. They have fully 100 percent comprehensive information about the defendants in this case. What they're hoping to do, the only reason they're going down this path is because they want to waive in front of a jury what some parent company made, which has nothing to do with what the defendants in this case made, and that is the only reason we're here.

THE COURT: Okay.

MR. MANDEL: They have not come in with - they have a ton of a documents that they've now coming in, they have not articulated in any way how there's some fact that they need to know that is not in those quarterly financial statements.

THE COURT: Well, he was articulating some facts involving financial transfers between companies.

MR. MANDEL: He said that vaguely but he hasn't identified a single --

THE COURT: We don't know. I'm adhering to my

1  
2 ruling. It should be produced in unredacted form.

3 MR. OPPENHEIM: Your Honor, turning to the sales  
4 and sourcing information.

5 THE COURT: Yes.

6 MR. OPPENHEIM: Since day one of this case, Your  
7 Honor, we've been trying to identify where did the  
8 defendants obtain the 56 counterfeit books in BDBII. We  
9 don't know. The defendants claim that they know where  
10 three of them came from but they won't tell us. They've  
11 produced massive spreadsheets on three different instances.  
12 Those massive spreadsheets are marked by their  
13 inconsistency and lack of information.

14 THE COURT: You know, we need to ground this,  
15 unfortunately, in the Federal Rules of Civil Procedure.  
16 What is this? Is this an interrogatory answer? Is this --

17 MR. OPPENHEIM: Yes, Your Honor.

18 THE COURT: -- a production of data in some new  
19 form? What is it and - I need to know what the rules are  
20 on all this.

21 MR. OPPENHEIM: So, Your Honor, so we served  
22 interrogatories and requests for production in January or  
23 February, Your Honor. We had a - oh, excuse me, on March  
24 3. We had a hearing before Your Honor on their objections  
25 to producing both sourcing information for the titles at

1 107

2 issue and sales information on the titles at issue. And we  
3 - the transcript is lengthy --

4 THE COURT: I don't think they're objecting,  
5 unless I misunderstood you, Mr. Mandel, you're not  
6 objecting to producing this information. You've produced  
7 the information you have. Am I correct?

8 MR. MANDEL: With two exceptions that we  
9 outlined, and if they want to talk about those exceptions,  
10 otherwise, we've given them everything responsive that we  
11 have.

12 THE COURT: So now what do we do?

13 MR. OPPENHEIM: So that's not - so let me - I'll  
14 go through the specifics, Your Honor.

15 THE COURT: Okay.

16 MR. OPPENHEIM: I apologize for the level of  
17 detail. But --

18 THE COURT: Should I look at this thing? No  
19 one's given it to me.

20 MR. OPPENHEIM: I have it on my laptop which I  
21 don't have with me at the moment, Your Honor. I could go  
22 down and get it with a court order. So the spreadsheet has  
23 many tabs. Some of those tabs relate to purchasing by the  
24 defendants and some relate to sales. The purchasing tabs  
25 show purchasing through different channel, let's say,

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2 different needs. So, for instance, buyback purchasing or  
3 purchasing in bulk.

4 So with respect to - so with respect to the  
5 buybacks, they've provided names and addresses of who they  
6 bought the books back from. That's fine. And that applies  
7 for 3,100 entries. But with respect to bulk purchasing,  
8 which includes almost 20,000 books --

9 THE COURT: Oh, this is the Amazon thing, right?

10 MR. OPPENHEIM: No, this isn't even Amazon.  
11 From individuals. They refuse to provide any addresses,  
12 even though they did it through a PO system where they  
13 absolutely must have the address, and what their response  
14 to us on this is is, well, you said identify, we've  
15 identified and we've given you the names. Of course,  
16 identify both in our definitions in our document request  
17 says it includes address and the local rules in the  
18 Southern District of New York require an address as part of  
19 identifying.

20 THE COURT: Okay, this is identification of who  
21 exactly? Purchasers or sellers of these books? I'm sorry.

22 MR. OPPENHEIM: So there are bulk - they do  
23 sales in a lot of different ways. They call this PO  
24 inbound, which is purchase order I assume, inbound  
25 purchasing. And they have a list of 20,000 names, but

1  
2 those names have no addresses associated with them, so we  
3 can't cross-reference them to anything. And we have to --

4 THE COURT: Again, I don't understand. This is  
5 for a particular title?

6 MR. OPPENHEIM: Yes, so it identifies what books  
7 - so, for example, we could sort it and say for this title,  
8 here are the 4,000 purchase orders, purchases we did of  
9 this title.

10 THE COURT: Okay, so, in other words, this could  
11 be a title for which there was one counterfeit book?

12 MR. OPPENHEIM: That we're aware of?

13 THE COURT: Yeah.

14 MR. OPPENHEIM: But we can't - we just don't  
15 have addresses.

16 THE COURT: No, no, no, no, I'm just trying to  
17 put this altogether.

18 MR. OPPENHEIM: Yes.

19 THE COURT: So there could be just one  
20 counterfeit book, and they're giving the 4,000 people who  
21 sold it to them.

22 MR. OPPENHEIM: Yes, a great reference, of  
23 course, would be --

24 (interposing)

25 THE COURT: Hold - do you think you can really

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solve this?

MR. MANDEL: With a bulk tab. I believe, it's not in front of me, but I believe the bulk tab has purchases from five major distributors. They know the address of those five major distributors.

THE COURT: Well, he's talking about 4,000 names.

MR. OPPENHEIM: Yeah. No, no, that's - and with respect to those, we do. There's a bulk tab where there are five, and we know who they are. That's not an issue.

THE COURT: All right.

MR. OPPENHEIM: This is the nineteen thousand --

THE COURT: This is the 4,000 individuals who sold them books?

MR. OPPENHEIM: Well, it's 19,748 entries where there are no addresses, but they bought through PO's. Purchase orders. So they must have addresses. We need it because --

THE COURT: These are like individuals or who knows?

MR. OPPENHEIM: Yes, but we happen to know that these individuals sell through false names using the same, they use the same address over and over but false names, so it's very important for us to see the address information,

1  
2 Your Honor.

3 MR. MANDEL: Here is what I believe the  
4 confusion is. I believe, I'm not sure because it's not in  
5 front of me, and there's what I've learned this is more art  
6 than science, because the defendants' systems don't  
7 maintain this information in a way that it designed for  
8 litigation. They have it for purely business purposes.  
9 There are a lot of things in the system that are referred  
10 to PO's where there's no actual PO. You're imagining like  
11 a piece of paper that's a purchase order. In fact, their  
12 system doesn't allow you to enter a book into the system  
13 unless you create a fictitious PO, so they create an  
14 imaginary PO as purely an administrative thing, but there's  
15 no actual document with any actual --

16 THE COURT: So you don't think you have these  
17 addresses?

18 MR. MANDEL: I spent - correct. I spent 90  
19 minutes on the phone with my client after we received their  
20 motion to compel, having previously spent at least three to  
21 four hours trying to track down all this information.  
22 After questioning about the whole - we went through the  
23 whole spreadsheet, we went through all of their questions,  
24 we went through the - we went through everything. What we  
25 concluded was there's only two things that are responsive

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that we don't have in our possession --

THE COURT: Just answer my question, you don't have these addresses?

MR. MANDEL: Correct.

THE COURT: Okay.

MR. OPPENHEIM: If they don't have it, Your Honor, I can't force them to produce it. I just want a declaration that says that they --

THE COURT: Well, no, you have a letter that says they produced everything. The only thing we haven't produced are, and then they list the two things. Why aren't we just talking about those two things?

MR. OPPENHEIM: That's the one letter I don't have in front of me, Your Honor, but I believe --

THE COURT: I hope you read it.

MR. OPPENHEIM: I did, Your Honor. It came in late last night, and I was on a train early this morning, so my apologies.

THE COURT: So they have two paragraphs --

MR. OPPENHEIM: But I did read it, and, Your Honor, they have been objecting on the basis that the term identify doesn't require them to give us addresses.

THE COURT: Well, let's not worry about that because they've now said that they don't have the



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addresses. Am I right?

MR. MANDEL: Yes, Your Honor.

THE COURT: Okay.

MR. OPPENHEIM: Well, if they don't have it, and that representation stands, that's fine. We'll find out in depositions.

Then with respect to, Your Honor, to the customers to whom they sold it, they've, for 24 1/2 thousand entries, they list a no.

THE COURT: Hold on a second.

MR. MANDEL: It's Amazon.

THE COURT: Hold on a second. No, this is not the Amazon thing. You say it's proprietary, completely irrelevant --

MR. OPPENHEIM: Oh, I'm sorry, I did skip an issue, but go ahead, Your Honor. I skipped --

THE COURT: Which are we doing? I thought you were talking about - I started reading this while you were talking. Addresses of purchasers, they say they don't want to give you the addresses of the purchasers. And you never asked for it. And this is the thing where you said identify, and you say identify includes addresses.

MR. MANDEL: I think Your Honor and Mr. Oppenheim are talking about two different things.

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THE COURT: The two of us are?

MR. MANDEL: Yeah, I think Your Honor --

THE COURT: I'm looking at your first paragraph.

MR. MANDEL: I agree, he's not talking about that. He's talking about a totally different issue --

THE COURT: You're talking about Amazon?

MR. OPPENHEIM: Let's talk about what you're talking about, Your Honor.

THE COURT: Okay.

MR. OPPENHEIM: So what you're talking about is the issue we started with which is the lack of addresses, and in their letter --

THE COURT: Of purchasers.

MR. OPPENHEIM: They call them purchasers, but I believe that --

THE COURT: Or renters, whatever. That they're not the ones who - we started out this thing ten minutes ago talking about the people who sold to them.

MR. OPPENHEIM: That's what I understand that category is. Mr. Mandel can clarify if --

THE COURT: No, these are purchasers.

MR. MANDEL: These are outgoing books, Your Honor, so they're books that we either sold or rented to a third party.

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THE COURT: Yeah, yeah, right.

MR. OPPENHEIM: Okay, so --

THE COURT: They say that's the one thing they haven't give you because it's proprietary and irrelevant. Do you want this letter? I'm happy to share my copy. Do you have an extra copy right there?

MR. MANDEL: Here, you can look at this.

THE COURT: This is number 84, page 2, first and second paragraphs beginning with those words.

MR. OPPENHEIM: Well, Your Honor, so the representation here in that second paragraph, that second sentence --

THE COURT: Hold on, can we skip number one then? We're done with number one?

MR. OPPENHEIM: I'm sorry, I thought you had pointed me to page 2.

THE COURT: No, no, no, but there's two things that he says he hasn't given you. One begins with the paragraph, word first; one begins with the word second.

MR. OPPENHEIM: Yes, so I'm on first. That's where you want me to be?

THE COURT: Oh, okay. Yeah.

MR. OPPENHEIM: Okay, the second sentence of that paragraph --

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2 THE COURT: Okay. No, forget that. Even if  
3 you'd asked for it, he's not going to give it to you. So  
4 let's pretend you asked for it. Let's not worry about that  
5 piece. He says it's proprietary and irrelevant. So before  
6 we worry about whether you asked for it, could you just  
7 address that?

8 MR. OPPENHEIM: Well --

9 THE COURT: Take your time.

10 MR. OPPENHEIM: So they sold the books, and we  
11 want to know where they sold the books to and to whom. And  
12 his objection, I mean you're now saying, well, that  
13 objection doesn't matter; he's now saying that it's  
14 proprietary. Well, the produce it subject to highly  
15 confidential. I don't understand.

16 THE COURT: Well, it says it's irrelevant. Why  
17 do you need these addresses? These are people to whom they  
18 sold books, not people who sold them books.

19 MR. OPPENHEIM: But we want to correlate it to  
20 where we got the books from if we can. It's more - I will  
21 grant you, Your Honor, it's more important on the sourcing  
22 side than on the sales side, but this is the first time I'm  
23 hearing this. All along they've been standing on this  
24 absurd objection that identify doesn't include address when  
25 it's defined to include address.

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THE COURT: Tell me why you need it, you want to match up their buyers with other buyers?

MR. OPPENHEIM: No, so we're trying to match where the books traveled to so we can show distribution. So that's what we're trying --

THE COURT: But these are not the major distributors. These are the individuals, right?

MR. OPPENHEIM: Right, so, Your Honor, we have books that we know came from the defendants. We're trying to figure out where they sourced them. They know on three of them, they won't tell us. We don't know on any of them. So we're trying any which way to puzzle backwards to figure out, well, which book is it that we have, and if we can figure out who they sold it to and then we got it from this distributor, we might be able to figure out which the book is, what the identifying number is, and go back to their sourcing information.

If they want to simply tell us for these three books, this is where we got them, for all the rest we have no idea where we got them, we didn't track it, and we can't tell, I guess we'll live with that and then turn to the sourcing information.

THE COURT: I'm not sure I followed it, but does it solve the problem?

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2 MR. MANDEL: Nothing Mr. Oppenheim said  
3 responded to Your Honor's question. Your Honor's question,  
4 and this is a very narrow issue --

5 THE COURT: No, he did answer it because he said  
6 I'm going to use the addresses of the people you sold these  
7 books to to match up with like some sources of counterfeit  
8 books that, I guess he has some other thing, and see if  
9 it's the same person I guess.

10 MR. MANDEL: Have the plaintiffs produced this  
11 other list that they want to match it up with?

12 THE COURT: It doesn't sound like it.

13 MR. MANDEL: So let them produce that and we'll  
14 take a look at it, and we'll see if this exercise is a  
15 waste of time or not. I mean he's saying he has some --

16 THE COURT: Your concern is you don't want to  
17 give up the names of these individuals you sold books to?

18 MR. MANDEL: We don't want him - no, they  
19 already have the names. This is --

20 THE COURT: I'm sorry, the addresses.

21 MR. MANDEL: This is just - we just don't want  
22 our customers to be harassed, and we haven't heard any  
23 reason why he needs to contact the customers. All he's  
24 saying is he wants to match --

25 THE COURT: No, he doesn't want to contact. He

1  
2 wants to match up things. I mean I could make him  
3 undertake not to contact anyone.

4 MR. MANDEL: So he promises, the plaintiffs  
5 promise for perpetuity to never contact any of the people  
6 on this list, and we then give them the addresses.

7 THE COURT: Yeah, you'd have to undertake that.  
8 Are you ready to do that or not?

9 MR. OPPENHEIM: I would articulate it this way,  
10 Your Honor. We won't use the list to contact somebody. I  
11 have no idea if at some point --

12 THE COURT: Yeah, yeah, you won't use the list  
13 to contact someone obviously.

14 MR. OPPENHEIM: That's not our goal, Your Honor,  
15 so yes, that's fine.

16 THE COURT: Okay, so produce it with that  
17 undertaking. He's not to contact any of them using the  
18 list. Let's hear the second thing. The only other thing  
19 they did was the Amazon books. They'd have to look each  
20 book one at a time.

21 MR. OPPENHEIM: But this is key, Your Honor. We  
22 need to know where they're source --

23 THE COURT: But it's not their data. Why should  
24 they have to --

25 MR. OPPENHEIM: We don't have access to it, Your

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2 Honor, they do. They have access to this Amazon - they  
3 have a portal entry into the Amazon system to see where  
4 they're getting the books, and they're not - we don't have  
5 access to that.

6 THE COURT: Well, it sounds like a very  
7 burdensome thing. Do you want to pay for it? If you want  
8 to pay for it, it's fine, but it sounds way too burdensome  
9 to look up these 10,000 books one at a time.

10 MR. OPPENHEIM: So are the defendants  
11 representing that they have no other - they don't access  
12 and look at that information and they haven't done it  
13 themselves?

14 THE COURT: I assume so.

15 MR. OPPENHEIM: Because they've said they know  
16 where three of them came from, but they refused to tell us.

17 THE COURT: Have you done this effort for the  
18 10,000 books at issue?

19 MR. MANDEL: No, we haven't attempted to do it  
20 for one of them, as far as I'm aware.

21 THE COURT: For not even one?

22 MR. MANDEL: Not even one.

23 THE COURT: Okay.

24 MR. OPPENHEIM: Well, this is the definition of  
25 hide the ball. So they tell us they've got three, but they



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2 won't tell us what they are. We're supposed to go to trial  
3 --

4 THE COURT: Oh, I'm sorry, what's this three  
5 thing? I don't even know what you're talking about.

6 MR. OPPENHEIM: Mr. Mandel said with respect to  
7 three of the fifty-six counterfeit books in this case, the  
8 defendants know where the sourced those counterfeits from.  
9 Great, tell us.

10 THE COURT: Well, why wouldn't they tell you?

11 MR. OPPENHEIM: That's what I want to know.

12 THE COURT: I'm totally confused.

13 MR. MANDEL: I have no idea what he's talking  
14 about with respect to the three. Maybe that was some  
15 discussion we had many months ago. Let me tell you what I  
16 can tell Your Honor. We have produced a spreadsheet that  
17 shows where we source every copy of every title in this  
18 case. The only exception is these books we get from Amazon  
19 that are specifically described in our letter. So the idea  
20 that we're hiding the ball is preposterous. We have  
21 absolutely no information on sourcing that we have not  
22 turned over to plaintiffs.

23 THE COURT: Okay, that's pretty definitive, Mr.  
24 Oppenheim.

25 MR. OPPENHEIM: So long as the defendants are

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2 not going to, at trial, put forward that they know where  
3 any of these counterfeit books came from. Because Mr.  
4 Mandel, what he just said was really careful, we may have  
5 discussed that a long time ago. But he has this full  
6 spreadsheet. He didn't say they don't know. Because he's  
7 told us repeatedly they know. So I don't want to go to  
8 trial and have some witness --

9 THE COURT: Do you know what he's talking about?

10 MR. OPPENHEIM: -- take the stand and say we've  
11 looked up and figured out three, and let me tell you what  
12 we figured out.

13 MR. MANDEL: We're not playing games. I truly  
14 have told you everything --

15 THE COURT: I mean this could be solved with a  
16 single request for admission or interrogatory or something  
17 that just very specifically you would answer and say you  
18 don't have the information.

19 MR. MANDEL: Right now we're just talking about  
20 this Amazon database we can access or not access. Before  
21 this conversation, it didn't even occur to me to try and  
22 access the database to try and find anything. It's  
23 actually not a bad idea. To the extent that's going to  
24 happen in this case, of course, we have to provide the  
25 information to Mr. Oppenheim well in advance of trial. So

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THE COURT: I mean you're going to have to - it would have to have been on this spreadsheet, right?

MR. MANDEL: Correct. I agree.

MR. OPPENHEIM: Well, no --

THE COURT: If you actually know it.

MR. MANDEL: I a hundred percent agree.

THE COURT: Okay, so you'd be under a duty to supplement the spreadsheet with respect to that information even for an Amazon book.

MR. MANDEL: I a hundred percent agree.

THE COURT: That solves your problem, right?

MR. OPPENHEIM: But if there are 60,000 lines on the spreadsheet and they've identified the three lines that are relevant, they should articulate what those three lines are.

THE COURT: I don't know what you're talking about.

MR. OPPENHEIM: So, Your Honor, if we're allowed to submit to them an interrogatory and a request for admission and they can respond in ten days, maybe we can clear this up.

THE COURT: Okay, well, why don't we just do that. I mean if you don't think the spreadsheet's enough

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for you. Then do an interrogatory.

MR. OPPENHEIM: And they'll respond on an expedited basis.

THE COURT: Yeah, if you can respond to this one within ten days, Mr. Mandel. I mean if there's some problem, you'll let me know, but that's the presumption.

MR. MANDEL: Yes, that's fine.

THE COURT: It's a single interrogatory on the sourcing point.

MR. MANDEL: Yes, Your Honor.

THE COURT: All right, good. Anything else, Mr. Oppenheim?

MR. OPPENHEIM: Just the scheduling issue, Your Honor.

THE COURT: What do we do about that?

MR. OPPENHEIM: So, Your Honor --

THE COURT: Is there an agreement or not?

MR. OPPENHEIM: No.

THE COURT: Oh, great.

MR. OPPENHEIM: No, there's not. We agree with Your Honor that there's a little bit of room in the schedule to push the discovery deadline, but there's not a lot. And the defendants want to put forward a schedule that we think is just, is destined for disaster and puts us

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2 at a disadvantage going into trial. And, Your Honor, it's  
3 all being pushed because the defendants had told us that  
4 they don't want to make their witnesses available for three  
5 weeks in August for depositions. And obviously we have a  
6 ton of depositions to take. We have noticed them up to all  
7 be taken prior to August 18. They never noticed a single  
8 deposition. We should not be jammed up at trial because  
9 they're late --

10 THE COURT: So you want to do depositions in  
11 August --

12 MR. OPPENHEIM: We've give them --

13 THE COURT: -- and they don't want to do it.

14 MR. OPPENHEIM: -- a comprehensive schedule of  
15 the depositions that we want to take based on the documents  
16 that we have now. And we've provided them a proposed  
17 schedule. In our proposed schedule --

18 THE COURT: Your depositions of their witnesses.  
19 How many are there?

20 MR. OPPENHEIM: Yes. So, Your Honor, there are  
21 - it's what we --

22 (interposing)

23 MR. MANDEL: It's a ballpark of ten at this --

24 MR. OPPENHEIM: -- 14.

25 MR. MANDEL: Okay, 14.

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MR. OPPENHEIM: Including --

THE COURT: Fourteen depositions.

MR. OPPENHEIM: -- the 30(b)(6) depositions,  
which may come off based on the way --

THE COURT: And what's the problem doing it in  
August?

MR. MANDEL: So there's three weeks in August.  
We sell college textbooks. So there's three weeks in  
August which is by far the busiest three weeks of the year.  
They want to talk to the key key people who have been doing  
all the anti-counterfeiting work.

THE COURT: All 14?

MR. MANDEL: No, there's --

THE COURT: Can you give him a few in August?

MR. MANDEL: -- two or three we can do - I think  
we'll be able - two or three we can do in August. We  
offered three or four for next week. They said they  
weren't interested in them because they hadn't gotten the  
documents yet, which is fine, totally fine. But we've  
tried to work with them on this issue. I think there's two  
or three that we can get done in August, and I don't think  
the plaintiffs want the people who can tell the difference  
between counterfeits and non-counterfeits sitting in a  
deposition as opposed to actually checking the books each

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2 day, which is what they're doing this time of year.

3 MR. OPPENHEIM: Nobody does anti-piracy, anti-  
4 counterfeiting work on the sales side. It's all on the  
5 buyback side, and that's not happening in August.

6 THE COURT: Well, what's the big deal if he  
7 gives you a couple in August and you do ten in September?

8 MR. OPPENHEIM: Because, Your Honor, the way -  
9 he also is going to want depositions, and it just simply  
10 isn't, the schedule won't allow for it. Can I tell you --

11 THE COURT: What about October?

12 MR. OPPENHEIM: Well, Your Honor, we're supposed  
13 to have a November 6 trial date, and Judge Pauley, we had  
14 signed off on the pretrial being due on September 15 and  
15 the motions in limine being due on September 27. Now, we  
16 believe we can move that pretrial report by ten days, and  
17 we believe --

18 THE COURT: Do you want to move this trial or  
19 not?

20 MR. OPPENHEIM: What?

21 THE COURT: Do you want to move this trial or  
22 not?

23 MR. OPPENHEIM: I would prefer not to, Your  
24 Honor, but I do not want to have three days to prepare for  
25 trial after the judge hears the in limine motions.

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2 THE COURT: Well, you know, I never understood  
3 why we did this, but the desire was to hold off on the old  
4 case to do this case, which I thought was crazy, but  
5 apparently that wasn't the parties' desire. You know, we  
6 are where we are, and either I cut down the number - I'm  
7 not going to make people show up in August if there's, you  
8 know, I can't make those judgments. My solution would be  
9 to just take everything in September, and you have your  
10 multiple lawyers do it and they'll have their multiple  
11 lawyers do it, and if that's what you want me to do, you  
12 know, I'll do it. I'm not going to start ordering people  
13 to appear in August if they don't want to appear in August.  
14 I'm not going to do that.

15 MR. MANDEL: We have a proposed revised schedule  
16 for Your Honor.

17 THE COURT: Okay. Well, I mean is the schedule  
18 - people expect me to order depositions on certain days or  
19 certain people? What're you asking me to do?

20 MR. MANDEL: These are just end dates. These  
21 are not deposition dates.

22 THE COURT: You need something from us?

23 MALE: (inaudible)

24 THE COURT: Sure, go ahead. No problem.

25 MR. OPPENHEIM: So, Your Honor, we sent them a



1  
2 proposal before they sent --

3 THE COURT: This allows you to do everything by  
4 the end of September.

5 MR. MANDEL: Exactly, Your Honor.

6 THE COURT: Now, what's your proposal?

7 MR. OPPENHEIM: So our proposal, which he didn't  
8 include and we sent to him in advance, and the reason he  
9 didn't include it is because he's done something that I  
10 objected to last night, and he's overlooked it. So first  
11 is, Your Honor, the defendants should complete their  
12 document production by no later than August 8. They've had  
13 - we finalized search terms with them on July 25. So they  
14 shouldn't get an extension to August 17 based on the fact  
15 that they've just resolved issues with us on search terms.

16 THE COURT: What's the problem with the 8<sup>th</sup>?

17 MR. MANDEL: There's two issues. First of all,  
18 we didn't finalize search terms last week, that's just  
19 false. But setting that aside for a second, we've been  
20 trying for about a week to collect the documents. We have  
21 now learned one person at our client that's capable of  
22 pulling the documents. Of course, that person was on  
23 vacation. So we haven't even gathered the documents. They  
24 will be uploaded into the system at the earliest tomorrow  
25 or Monday. That's at the earliest, that's assuming the

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2 second most knowledgeable person learned this week how to  
3 do it correctly, which I don't know whether that happened  
4 or not. So we're not going to be able to review the  
5 documents in three days.

6 By the way, his point about asymmetry makes no  
7 sense. The Court ordered virtually no new documents to be  
8 produced today. Last week both parties discussed running  
9 additional search terms. So the idea that there's some  
10 kind of asymmetry here is just false. All the discussions  
11 that are really material happened last week.

12 THE COURT: Okay, 17<sup>th</sup> is fine. What's next?  
13 What's the next date now that I've done that?

14 MR. OPPENHEIM: Is the close of discovery, what  
15 is the final close of discovery.

16 THE COURT: What do you want?

17 MR. OPPENHEIM: We suggested moving it from  
18 August 18, moving it roughly four weeks to September 13.  
19 They want to move it all the way to September 29 which is  
20 an additional 16 days.

21 THE COURT: I think you're going to need it.

22 MR. OPPENHEIM: Well, the problem with that,  
23 Your Honor, and I don't disagree that if they're not  
24 compelled to actually produce witnesses in August, I agree  
25 with you we will need it. But then the problem is all of

1  
2 their subsequent dates, which are in their proposal here,  
3 which I assume is the same as what they - no, they've  
4 changed it from what they sent us last night. No, it's the  
5 same, okay.

6 So all of their proposed dates. Here's the  
7 problem with it --

8 MR. MANDEL: Just so I'm not accused of having  
9 made some misrepresentation, I honestly can't remember. We  
10 were looking at it - I may have - I think I looked at it  
11 yesterday with my colleagues. I might have tweaked it this  
12 morning. I cannot remember.

13 MR. OPPENHEIM: So there are a couple of  
14 problems with this proposed schedule. First off, it backs  
15 up the motions in limine so that Judge Pauley doesn't even  
16 get them fully briefed until October 23. If the idea of  
17 motions in limine are to narrow the trial, as Judge Pauley  
18 has ruled in other cases that I've been involved in in  
19 front of him, there will be no chance to do that if they're  
20 not fully briefed until the 23<sup>rd</sup>.

21 Apart from that, there isn't nearly enough time  
22 in their schedule between the close of discovery and the  
23 pretrial order --

24 THE COURT: Let's take a break, everyone.

25 (off/on the record)

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THE COURT: Okay, we're back on the record. I'm going to hopefully issue a ruling on the schedule just in writing. On the depositions, what is it you're prepared to offer, Mr. Mandel, timing-wise?

MR. MANDEL: We can offer three witnesses in August, and we will work with the plaintiffs to come up with a schedule for everyone else in September, provided there's no substantive objection. In the next, I think in the next week we'll be able to come up with a deposition schedule.

THE COURT: All right, let's do this. Let's just say - I'm going to move it up by a week. You have to produce the rest so that they're all deposed by September 22. And I'll let you know about the remaining schedule.

MR. MANDEL: Thank you, Your Honor. There's just one other scheduling issue. Our expert report is due tomorrow. We'd ask for a three-week extension. Twice the plaintiffs asked us for extensions of their expert report deadline. We consented both times. We asked them this time; they asked me a bunch of questions about why we needed an extension, and then they wouldn't - when I answered them, they wouldn't tell me one way or the other whether they consent or not.

THE COURT: Three-week deadline? Three weeks?

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2 MR. MANDEL: Yes, well, we're extending the  
3 whole schedule by approximately six weeks. So three weeks  
4 would still take us well within August. They would have -  
5 if, I'm not even sure we're going to have an expert, but if  
6 we have an expert, they would have --

7 THE COURT: Why do you need three weeks? I  
8 don't understand. And why you waited till the day before  
9 to ask me for it?

10 MR. MANDEL: Sure. Well, I asked them for it  
11 yesterday --

12 THE COURT: No, but why did you wait till  
13 yesterday --

14 MR. MANDEL: Yeah, well --

15 MR. OPPENHEIM: Last night.

16 MR. MANDEL: -- first of all, we thought we were  
17 going to be getting a lot of emails after today, and we  
18 thought those emails would be very helpful in the expert  
19 report. Second, I've been dealing with summer vacations  
20 which has greatly slowed down the process. And, third, I  
21 work for a small firm. We have had I believe five  
22 discovery motions in the last ten days, and I thought there  
23 would've been a lot more time to invest in the expert  
24 discovery issue, and there just hasn't been.

25 MR. OPPENHEIM: Your Honor, we've been talking

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2 about experts in this case. If I go into the transcripts  
3 and go back to March where there's been discussion of  
4 experts, there's just no reason at this point, and my  
5 concern is, Your Honor, that --

6 THE COURT: The due date was tomorrow?

7 MR. MANDEL: Yes, Your Honor.

8 MR. OPPENHEIM: And here's my concern, Your  
9 Honor, we already produced our expert reports because the  
10 way Judge Pauley set this up was the plaintiffs produce  
11 reports and then defendants report their reports afterwards  
12 on the assumption that they're all rebuttal reports. Now  
13 that wasn't stated - it wasn't stated that way. My concern  
14 is he's going to come forward with some experts on non-  
15 rebuttal issues, and we're going to be jammed up with  
16 having to try to rebut them --

17 THE COURT: Is there a date for you to rebut  
18 them?

19 MR. OPPENHEIM: There's no date for us to rebut  
20 them. So we - so if he's going to put forward anything  
21 other than a rebuttal witness, I wanted it ages ago --

22 THE COURT: Is this going to be rebuttal expert?

23 MR. MANDEL: I just don't know yet, Your Honor.  
24 We just haven't made - we have not had a chance --

25 THE COURT: I'll extend it one week, that's it,

1  
2 17<sup>th</sup>.

3 MR. MANDEL: Can we have two weeks, Your Honor?

4 THE COURT: You don't have much to do next week  
5 because he's not around, right?

6 MR. MANDEL: I know, but --

7 MR. OPPENHEIM: The prejudice --

8 MR. MANDEL: -- literally everyone, including  
9 half of my clients, are on vacation at the moment. So two  
10 weeks I think will allow us to get this done.

11 MR. OPPENHEIM: Your Honor, there's prejudice  
12 here. There's real prejudice. If they're putting forward  
13 affirmative experts on issues --

14 THE COURT: You should have some idea --

15 MR. OPPENHEIM: They're due tomorrow.

16 THE COURT: -- at least of whether it's, what  
17 the topic area is.

18 MR. OPPENHEIM: We have asked repeatedly, and we  
19 never get an answer.

20 THE COURT: You have no idea?

21 MR. MANDEL: The one potential topic that we've  
22 identified thus far, and no final decisions have been made,  
23 are industry practices concerning the inspection of books.  
24 And --

25 THE COURT: Okay.

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MR. MANDEL: We agreed to - they asked for two extensions --

THE COURT: So that would be the only topic it would be on?

MR. MANDEL: Well, we might - you know, I have not been able to show Mr. Dimm their printing specifications, so it's very hard to know one way or the other whether we want to serve a rebuttal report with respect to whether the books are counterfeit or not. That was the next step in the process. We gave them, without any strings attached whatsoever, two extensions of their deadline as a pure courtesy. I'm shocked that they're standing here not extending that same courtesy to us.

THE COURT: Okay, okay.

MR. OPPENHEIM: Your Honor, I have done nothing but extend courtesies --

THE COURT: Okay, everyone stop. Two weeks, the 18<sup>th</sup>. I'll make sure that you're not prejudiced, Mr. Oppenheim.

MR. OPPENHEIM: Your Honor, we object.

THE COURT: Feel free to invoke Rule 72 and do whatever you wish. What else do we need to do today?

MR. MANDEL: Nothing, Your Honor.

THE COURT: Mr. Oppenheim?



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MR. OPPENHEIM: Your Honor, I just - on this issue of the experts, he sent me the request --

THE COURT: Are you rearguing my ruling?

MR. OPPENHEIM: I am arguing on your ruling, Your Honor.

THE COURT: Use Rule 72.

MR. OPPENHEIM: I don't believe --

THE COURT: Rule 72 is the way to reargue it. Make an objection to Judge Pauley.

MR. OPPENHEIM: Your Honor, you never even allowed me to articulate a position on this issue.

THE COURT: Go ahead. You said - I thought you finished. If there's more, go ahead.

MR. OPPENHEIM: So, Your Honor, they have had more than ample opportunity to put forward who their experts are. We have told them since day one of this case exactly what experts we were going to put forward and what those experts would be providing expertise on. We immediately provided them with access to the books, with information on what was counterfeit, on images of the books, everything they needed to pursue this. They have, in response to our question time after time after time, refused to give us any information.

And what's going to happen here is in two weeks

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2 he's going to produce a report; we're going to have to go  
3 find an expert to respond to that report, and we'll have to  
4 do that while we're in the crush of depositions, and the  
5 answer's going to be, well, do you want to move the trial  
6 date, which we don't want to do. So there is clear  
7 prejudice to us. There's no reason they didn't get it done  
8 by now because the issue has been raised repeatedly.

9 THE COURT: I adhere to my ruling. Anything  
10 else, Mr. Oppenheim?

11 MR. OPPENHEIM: No, Your Honor.

12 THE COURT: Mr. Mandel, anything?

13 MR. MANDEL: No, thank you, Your Honor.

14 (Whereupon the matter is adjourned to August 21,  
15 2017, at 11 a.m.)  
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C E R T I F I C A T E

I, Carole Ludwig, certify that the foregoing transcript of proceedings in the case of Cengage Learning, Inc., et al v. Book Dog Books, LLC, et al Docket #1:16-cv-7123-WHP-GWG, was prepared using digital transcription software and is a true and accurate record of the proceedings.

*Carole Ludwig*  
Signature \_\_\_\_\_

Carole Ludwig

Date: August 5, 2017